

# PLANNING AND ITS IMPLEMENTATION

*Series Editor*

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*FEBRUARY, 1984*

PRICE { INDIAN : Rs. 100.00  
ABROAD : £ 16.00 OR \$ 30.00



## Series Editor's Introduction

Planning in developing countries has been a difficult process which is both technically complex, administratively exacting and politically difficult. Concerned with long-term economic and social development, it has usually been an effort to raise the standard of living through a total and coordinated use of all the natural, physical and human resources of the nation. In many societies, processes of planning have been synonymous with the formulating, regulating and implementing of a set of related goals, plans, programmes, activities and tasks for realizing stated goals in a prescribed time sequence. As a social phenomenon, planning involves the marshalling of a great diversity of people, enterprises and organisations to the pursuit of certain collective objectives for the welfare of the masses. Planning process is conditioned by the historical background of the country and the political orientation of the people. Planning, while it aims to resolve tensions of a developing society, is apt to give rise to new tensions unless its formulation and implementation are sensitive to the socio-political milieu and its emerging horizons. Planning is neither simply a technical exercise nor only a political or economic device. It is also centred on men, their motivations and aspirations.

However, planning process is not merely concerned with the thinking of new strategies for socio-economic and political development. Planning, in order to be successful, must have an administrative machinery capable not only of determining the right priorities needed for an all-round growth but must also be effective enough to implement these set goals in the targeted time sequence. In many developing societies, and that is particularly true of India, plans have not always achieved the results or goals visualised because of defective and half-hearted implementation efforts. Planning cannot succeed unless planners consider it an integral part of their task to establish the kind of administrative system which can formulate and carry out development plans realistically. Basic to proper implementation of planned programmes is pre-investment planning. The clarity and consistency of objectives are important considerations. Another task of importance is the need for efficiency and economy in project construction followed by requisite efficiency in their administration as well as maintenance so that it is possible to get increased output from investments in programmes. The integral view of planning can neither ignore technical and administrative issues nor economic, political and social compulsions. Planning is always prone to generate

forces and initiate reactions especially in a fragmented, unequal and pluralistic society. Hence ideological implications merit continuing attention. The need to reorganise planning and administrative procedures, and the respective action and initiative at each front in the implementation process cannot be over-emphasised. Planning, if it is to have any significance, must take into account the limitations and possibilities of the administration as well as the social set-up. Planning policy must be aware of the need to enhance the administrative capability for its own effectiveness.

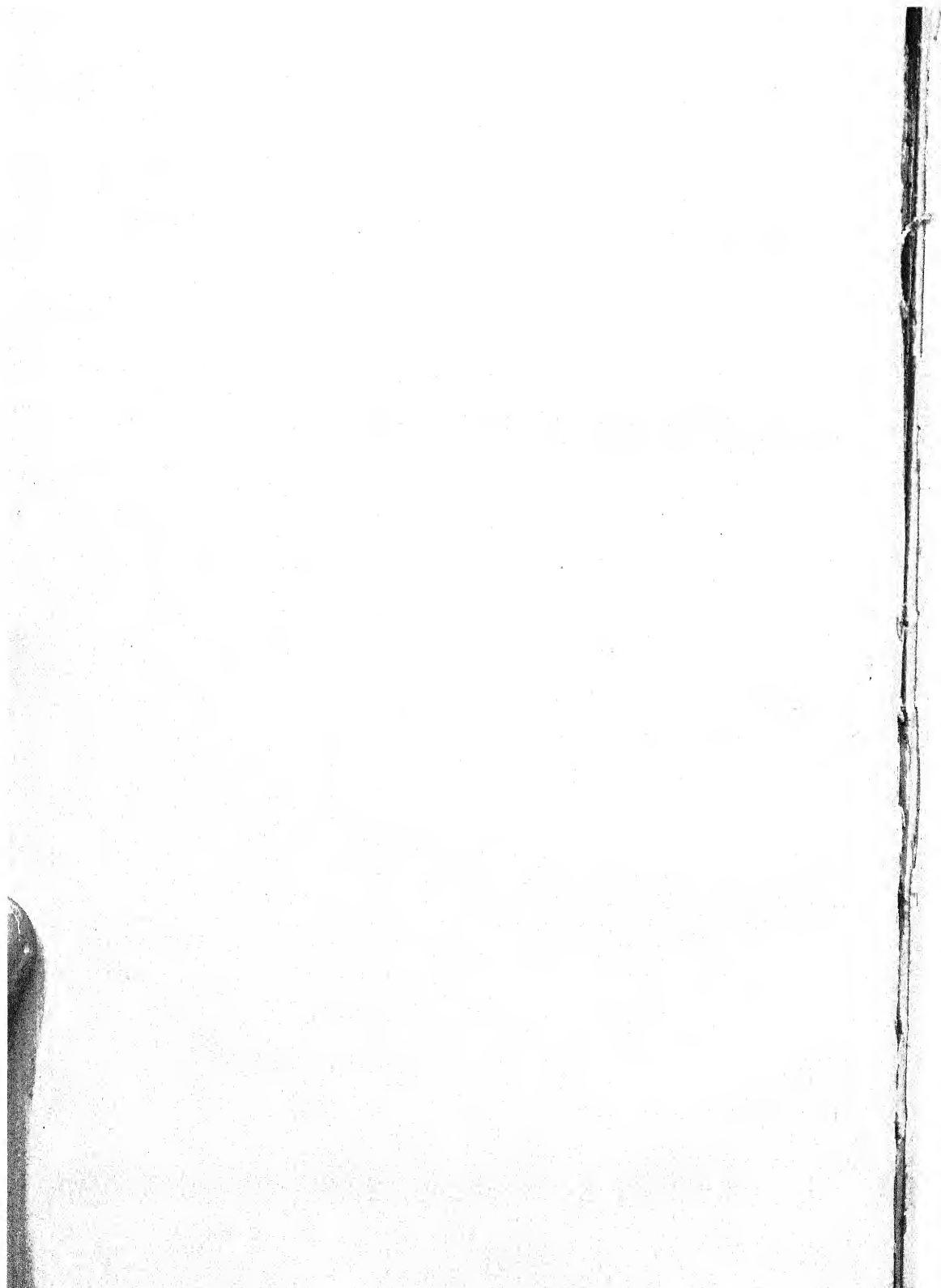
The present book, in the series of Silver Jubilee volumes of *The Indian Journal of Public Administration* seeks to put together a number of selected articles concerning various facets and problems of administration and implementation of planning in India. These articles not only sum up our experience but have relevance for other developing economies and hold lessons for our future planning efforts. Although the processes of planning have undergone substantial changes since the inception of the Planning Commission in 1950, yet the issues raised in this selection of papers are still relevant and have not been resolved to any degree of satisfaction. The question of an adequate machinery for planning, implementation and evaluation is still being debated time and again, so also are the problems of multi-level planning, administrative decentralisation and planning from above or from below. The issues relating to vertical and horizontal coordination continue to plague the planning and implementation processes. The problem of the role of state governments in planning and formulating of Five Year Plans is still a controversial aspect of the federal system in India. The attempt at planning and its implementation in a federal and parliamentary form of government through democratic and participatory methods bristles with many intricate issues. More than that, the successful implementation of planned targets with the cooperation of the different concerned levels of government as well as different sections of the people still remains an enigma in the Indian administrative system. The so-called dependency of the state governments on the Central Government and the adequacy of the mobilisation of their own resources for implementing plan projects have been a controversial aspect of the Indian federal polity. The monitoring and evaluation of projects and programmes—indeed of the entire planning process—cannot be either ritualistic or an exercise in self-deception. Any simplistic or populist approach cannot solve either the issues of scarcity of resources or of distributive strategy and its parameters.

These are some of the related issues which have been the focus of attention of the respective authors of the papers presented herein. The editor of the volume, Prof. Kamta Prasad, has provided a lucid and comprehensive introduction which seeks to give the various problems of

administration of planning a thematic treatment by highlighting the main issues dealt with by the distinguished contributors. It is hoped that the volume would be able to provide a systematic and many-faceted view of the planning process to the students of public administration and encourage them to ponder over some of the most vexed issues in this context to evolve adequate and even some alternative administrative strategies, if necessary, for planned development. Shri Mohinder Singh, Librarian at IIPA, and his colleagues deserve commendation for compiling a brief but useful bibliography.

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NEW DELHI  
FEBRUARY, 1984



# Volume Editor's Introduction

THIS IS an age of planning. Governments in several countries of the world, specially the developing ones, have been trying to mould the economic destiny of their people by formulating and implementing plans for their development. India, one of the pioneering countries in this respect, started the planning process some thirty years ago. When it launched its First Five Year Plan; ever since then, there has been considerable discussion of the problems of planning and implementation. The issues raised have covered a wide field ranging from basic conditions for successful functioning of planned economy to details of preparation and implementation of plan projects. The contributions included here covering a period of twenty-five years naturally display this variety. Since a majority of contributions deal with more than one issue, some of which overlap with each other, it is not appropriate to take up the views of each contributor at a time. Instead, a thematic treatment will be followed.

## PLANNING TECHNIQUES

Planning for economic development as Professor J. Tinbergen, the celebrated authority on the subject, rightly points out, is one of the most complicated processes because virtually all aspects of human life are involved. The attempt is to find out methods, techniques, and procedures which can help in an efficient deployment of scarce resources; evaluation of alternative investment projects; choice of techniques and determination of targets so as to have a plan which is feasible, optimal and consistent. The planning process should, therefore, embrace the use of techniques which can encompass all the inter-relations which exist simultaneously in order to find the solution, namely, economic development, that is optimal and consistent with all the data of the problem. Over the years, several techniques such as production function, regression equations, growth models, input-output analysis, linear programming, social accounting matrix, etc., which help the planning process have been evolved. These have augmented the planning capabilities at various levels and helped in freeing the planning process from impressionistic judgments and pseudo-scientific guesses with the result that plans are "increasingly becoming correct statements of what has to be accomplished in order

to achieve the desired results". This process has been further enhanced by the advent and increasing use of the computer which has facilitated large computations and complex analysis of data. An exclusive reliance on these techniques, however, has the effect of making the planning process too complex to be understood by the non-technical persons who include administrators and policy makers also. Professor Tinbergen, therefore, makes a plea for dividing the planning process into a number of parts that can be done more or less separately. Problems associated with short-term economic policies or with the determination of the optimum size of an enterprise in any industry can be dealt with separately. Thereafter the planning process can be divided into three successive stages each dealing with overall rate of development, sectoral distribution of investment and formulation of projects. He draws our attention to some of the problems associated at each stage. This was in the year 1961. Since then further progress has been made. But we are still far from the stage of perfection. Inconsistencies between individual targets amongst themselves and between them and the resources allocated for their achievement do occur from time to time due to several factors such as weak data base in terms of coverage as well as quality, imperfect knowledge of individual, group and organisational behaviour, the part played by the vested interests in the decision-making process and a desire to fix higher targets on account of political compulsions. In addition, there are a number of issues related to the details of the planning techniques which remain unresolved despite a vast and growing literature. However, a discussion of these lies beyond the scope of this book which, judging from the selections from the IJPA included here, is basically concerned with the overall framework of the planning and implementation system with special emphasis on organisational and administrative aspects.

### FORMULATION OF OBJECTIVES

Planning is essentially a means of making conscious and deliberate attempt to coordinate policies and action in order to achieve a set of objectives. Formulation of objectives as clearly and unambiguously as possible is, therefore, an essential prerequisite of the planning process. It is not just enough to give a list of objectives, all desirable in themselves, but also to lay down a priority-rating in case some of them conflict with each other as they often do. Policy measures should have a degree of precision and sharpness required for effective implementation. Absence of a policy frame of the type mentioned above has been a basic deficiency of planning in India to which our attention in this volume has been drawn by Shri P.P. Agarwal and Dr. H.K. Paranjape and which persists even now. According to Agarwal, "the objectives of policy and criteria and tests to be adopted are often not stated explicitly. They are set out in a form which leads to ambiguity and a consequent need for referencing to seek clarification of the interpre-

tations". And, according to Paranjape "there is considerable disparity between the policies and objectives laid down and accepted in the plan and the actual administrative decisions and implementation."

Economic development is a long run process. Preparation, selection and implementation of developmental projects as well as adoption of institutional and organisational reforms of a fundamental character which are essential for economic growth take a number of years. Planning for economic development would, therefore, require continuity in basic policies. As Paranjape says; "Unless some degree of certainty about the broad strategy of development that underlies the plan is guaranteed, undertaking of plan programmes of a long-term character is bound to prove somewhat difficult." India has been quite fortunate in this respect because, barring a few years, one political party has been in power at both the Centre and the states and that the differences between different political parties on matters of long-term planning are not very sharp. The formation of the Janata Government in 1977 and its replacement by the Congress in 1980 led to some breaks in planning; but these were nominal rather than real.

#### PLANNING ORGANISATION

The existence of an appropriate planning organisation at various levels of planning and decision-making is another essential requirement of an effective planning process. The organisation should be such as to preserve a just balance between both technical and political considerations because neither of them can be overlooked. Professor A.H. Hanson who has dwelt at length on this aspect, considers different alternatives and comes to the conclusion that the Indian type of planning organisation with the Prime Minister as its chairman and a number of other prominent ministers as its members along with technical experts supported by a technically competent staff of its own is the best. Much would also depend on other factors such as the characters of the concerned politicians, the pressures to which they are subject and the general political situation. But this is true of any system. The association of prominent members of the cabinet with the Planning Commission helps in lending importance and authority to it and gives it "the sort of political impetus it requires to achieve any measure of success". This is, however, not an unmixed blessing. It results in compromises leading to "lack of clarity and operational workability". The plan prepared being deflected by political pressures may not be the ideal in terms of technical considerations. As against this, it may be said that "this type of planning organisation continuously exposes the leading politicians who are its members to technical considerations which otherwise they might be inclined to ignore and what is even more important, commits them much more firmly to the implementation of the plan than they would otherwise be committed". So far as the technical support is concerned, it should



consist of not only those familiar with various sectors of the economy, but also a hard core of experts who are skilled in macro-level economic analysis. "Without these" says Hanson, "planning is liable to be very little more than a somewhat indiscriminate gathering together of projects and arbitrary cutting down of these to fit the estimated available resources."

While a suitable planning organisation at the national level came to be established in India at the very inception of the planning process, those at other levels—state and below—have not, by and large, been formed so far despite the repeated need underlined by the Planning Commission. The work related to planning at the state level has been looked after by the planning Department of the state. Since 1963, however, following a recommendation by the Planning Commission, states have slowly set up Planning boards. The pattern is different in different states. But most of them are far from a high level planning agency that could provide an integrated planning framework and take an active interest in policy planning in addition to programme budgeting which they have to do in any case. These are mostly ad hoc bodies and largely ineffective. The work is still done primarily by the planning department which in most states functions as mere collector of departmental programmes. A Central scheme for strengthening the planning machinery at the state level is being implemented since 1972-73. However, the states are availing of this assistance "only in a marginal way".\* The position at the sub-state levels such as the district and the block has been even worse. According to a recent assessment made by the Working Group on Block Level Planning (1978), no attempt seems to have been made to improve the personnel resources for planning at the district level, specially to induct technical skills in planning. "In many states, the district planning cell consists of a District Planning Officer assisted by statistical and research assistants and clerical staff who mainly look after the implementation of the district plans somewhat in a routine manner." As regards blocks, there is hardly any planning organisation worth the name at such levels. As the report of Working Group cited earlier points out "the present staffing pattern in the blocks is mainly tuned to implementation tasks and not so much towards planning functions. It is deficient in both expertise and staff strength."

The status of the planning organisation as it existed in the year 1961 and the details of the planning process are described in the paper by Dr. S.R. Sen. He traces the genesis of events leading to the formation of the Planning Commission, gives its terms of reference, describes other associated bodies such as the National Development Council, the planning cells in different ministries, the planning departments in the State Governments, the various

\*Address of Minister for Planning and Deputy Chairman, Planning Commission, Government of India at the Conference of State Planning Ministers, New Delhi, April 4, 1981.



working groups, advisory and evaluation bodies, etc., which taken together comprise the planning machinery in India. He shows how planning in India as elsewhere, is essentially a backward and forward process—an exercise in successive approximation as well as successive coordination—a process in which not only the Planning Commission but the entire governmental machinery at different levels, members of the public, the press, the universities, and the legislatures get involved. “In the special constitutional, political and economic situation that obtains in India, it is as well that the Planning Commission should rely more on consultation and agreement than on sanction. This perhaps gives its recommendations a large measure of acceptance.” The changes that have taken place since Dr. Sen wrote his paper have been very few and are of a marginal character. The practice of cabinet secretary also working as secretary to the Planning Commission was dispensed with long ago. From 1980, the post of a member-secretary has been created. There has been some internal reorganisation of different units, but nothing of any major character. During the three years (1977-79) of Janata-Lok Dal rule an attempt was made to change the planning system by introducing the concept of rolling plan\* but this was given up immediately after the new Congress Government came to power in January 1980. Thus, by and large, the planning machinery and the planning process have continued to be the same during the three decades thereby indicating a remarkable degree of stability.

#### PROJECT PLANNING AND APPRAISAL

The planning machinery in India may be regarded as fairly satisfactory for preparing overall economywide plans, though quite often, even these have gone awry largely due to weak data base and the use of unrealistic assumptions. But our machinery is quite weak with respect to formulation and appraisal of projects which constitute one of the most important aspects of planning. As Shri H.C. Rieger points out, “stripped of its retrospective appraisals and proclamatory and exhortatory frills, it (the plan) boils down to a list of projects.” However, in the absence of project appraisal, planners just grope in the dark about the impact of the plan outlay; they cannot be sure that the projects, even if properly executed, would produce the expected results. Hence the need for a proper formulation and appraisal of projects.

However, the importance of good project appraisal in the planning process of India was not realised for quite long. Attention used to be paid

\*The Rolling Plan System had the following features: (1) year to year targets were to be set for sectoral outlays and output for major sectors within the five year plan, and (2). the horizon of the five year plan was to be extended by working out these selected sectoral targets for one additional year at the end of each year.

primarily to vague ideological issues and to policy formulation and planning of a much broader scope. The consideration that much development cannot proceed unless there were good projects tended to be ignored. Planning for about twenty years in the country went on even without the Planning Commission having any organisation for appraising projects; and when one was established in 1972, it was with restricted scope covering mostly large industrial projects which constitute only a small fraction of total investment. Part of the well known gap in India between a 5 per cent and more of growth in national income planned and about 3 to 3.5 per cent of growth actually realised could be due to inadequacies of project formulation and appraisal which persist even now. The Sixth Five Year Plan finalised in January 1981 admits that "there has generally been a lack of an effective machinery for appraisal of investment proposals with the exception of certain categories of major projects in selected sectors. At present appraisals are generally confined to Central Government projects\* costing Rs. 1 crore and above. In the case of state projects and schemes the appraisal machinery is inadequate in most states except for medium and major irrigation and power projects appraised by the Central Water Commission and Central Electricity Authority respectively. The machinery for project formulation and appraisal is extremely weak or almost non-existent for projects in the area of agriculture, rural development and social services. Efforts are, therefore, now under way to provide, strengthen and extend the project planning and appraisal system.

Bulk of the projects are formulated by the departments of Irrigation, Power, Coal, Railways and Transportation which account for a greater proportion of plan investment. The poor quality of these projects resulting in frequent revisions of their scope, cost and time over-runs, etc., are too well known to require much elaboration. In order to streamline project formulation, some of these departments have established investigation and planning wings which, however, suffer from several deficiencies of which two are more serious and deserve to be highlighted here. First, in the absence of a separate cadre for planning, these wings have come to consist of disinterested or disgruntled officers who intend to go to the more lucrative executive postings as soon as possible. Second, these wings are undisciplinary (usually a particular branch of engineering) where as the requirements are multi-disciplinary in character. For example in the case of irrigation, flood control and hydro power, besides hydrology, economic evaluation of engineering programmes is another important ingredient of planning. Questions like the degree of flood protection, selection, of alternate methods of irrigation and flood control, controversies like small versus big dams, etc., are more economic than physical. This has already been realised by other countries

\*Even here, projects of important departments like Railways, Posts and Telegraphs, Atomic Energy, Electronics and Space are not included.

like the USA where multi-disciplinary planning teams have been constituted. During my discussions with the US authorities in charge of flood control in 1979, it was found that, apart from engineers, there were about 300 professional economists and some sociologists and others on planning teams for flood control. In contrast, India has almost none. This deficiency must be remedied early by recruiting specialists from all required disciplines and specially economics and statistics at appropriate levels. The disciplinary composition of bodies like the Central Water Commission and Central Electricity Authority and the development departments like irrigation, power, coal, railways, etc., must undergo a change.

### DECENTRALISATION OF PLANNING

In the absence of a proper planning organisation below the national level and due to a number of other factors such as bias towards centralisation inherent in the Indian federal system, dominance of a single party rule at both the Centre and the states and strong central leadership of the ruling party, planning process in India has by and large been a centralised one though the need for decentralisation has been stressed from time to time. The paper by Shri Amritananda Das, criticises centralised planning because it is elitist in character, leads to concentration of power in the hands of bureaucracy, contains seeds of political totalitarianism, is not helpful in improving the lot of the poor and less privileged section of society and cannot secure voluntary and dynamic participation of people. Several attempts were, therefore, made during the past three decades to decentralise the planning process so as to remove some of the drawbacks of centralised planning and to take care of the diverse conditions prevailing in different parts of the country. 'Planning from below' or 'grassroots planning' is expected to result in plans for better utilisation of local resources on account of local people having better awareness of their needs and preferences and fuller information on conditions and possibilities of their areas. The area level planner having a more intimate knowledge of the interdependence of activities at the micro level would be in a better position to develop integrated programmes which avoid duplication and produce maximum impact with minimum cost. Moreover, a better implementation of programmes of development would be ensured on account of more realistic planning and greater involvement of local people in plan formulation and implementation as has been brought out by the Asoka Mehta Committee on Panchayati Raj institutions. Two contributions in this volume, one by Dr. Deva Raj and another by Shri Rakesh Hooja provide a detailed discussion of the measures taken in the direction of administrative decentralisation while a third contribution by Shri Amritananda Das dwells upon certain aspects of democratic decentralisation. Public participation in the planning process which is related to decentralised planning is briefly touched upon by Agarwal and

Nitish De. All attempts at decentralisation, however, had only limited success so far, as we will see below.

### MULTI-LEVEL PLANNING

Formulation of integrated plans at different administrative levels, *i.e.*, multi-level planning has certain pre-conditions which are listed by Dr. Deva Raj as: (1) identification of levels of planning with territorial, spatial and administrative jurisdictions; (2) a hierarchy of levels inter-related to a hierarchy of functions, in matters of planning and implementation; (3) a system of inter-level or inter-governmental relationships—technical, financial and administrative—including arrangements for reviewing and determining policies, programmes and priorities as well as providing an integrated framework for local, state and national plans; (4) viability of the local and the regional planning and executive units, agencies, or levels of government for effective functioning and availability at each level of appropriate expertise for project formulation with necessary guidance and support from higher echelons; and (5) a basic commitment to an all out local planning and development efforts with its attendant responsibilities of mobilisation of local resources and exploitation of local potential with such outside support as may be necessary to induce self generating growth.

Apart from the national level, planning at the state level has been going on from the very inception. The states had to be involved in the planning process since in accordance with the Indian Constitution, "social and economic planning" is a concurrent subject. Besides, the states have been assigned several developmental functions specially in such vital sectors as agriculture, irrigation, flood control, rural development, education, etc. States are not only involved individually but are taken into confidence collectively also through the National Development Council which has been given the responsibility of approving the plans and taking other vital decisions relating to planning and development. Thus planning at the state level is as old as planning at the national level. The history of attempts to introduce planning at the sub-state levels is also quite old. The First Five Year Plan itself had mooted the idea of village production council for agricultural planning. Village, block and district plans were required to be prepared on the eve of the formulation of the Second Five Year Plan. Later on in 1969, the Planning Commission worked out guidelines for the formulation of district plans a number of which have been prepared at least on paper but without much operational significance. The Third Plan emphasised the role of people's participation in local planning under the framework of democratic decentralisation or Panchayati Raj. The Fourth and the Fifth Plans led to the establishment of separate specialised agencies such as the CADA, SFDA, DPAP at the area level to cater to the needs of specific area and specific groups of people. The Draft Five Year

Plan (1978-83) made an attempt to introduce block level planning which has been continued in the Sixth Five Year Plan finalised in January 1981. The Integrated Rural Development Programme which provides the framework for block level planning was launched in 1978-79 in 2300 selected blocks and has since been extended to cover all the blocks in the country. A rudimentary planning organisation at the block level has been thought of and is in process being established; but if past experience is any guide, its effectiveness is doubtful.

In my opinion, a fundamental question that arises in devising any workable scheme of multi-level planning relates to the identification of types of activities, decisions with respect to which can be made at different levels—local, regional, state and national—keeping in view the need to maintain the overall supply-demand balances at the macro level. As I have pointed out elsewhere\*, the establishment of autonomous area planning units in a country of the size and dimension of India would result in a multiplicity of public agencies entrusted with the task of economic decision-making. This may create the problem of inconsistency between national and local planning because the imperfectly functioning market mechanism cannot be relied upon to bring equilibrium in the economic system. The problem really arises in the case of commodities entering regional and national markets and not for non-tradable activities like land shaping and land leveling, drinking water supply, social forestry, primary education, etc. The problem is not confined to products alone but extends to factors of production like labour and capital which are mobile and have a market which goes beyond the area boundary. The problem may also arise with respect to the use of resources like river water held in common with other areas.

The need to take demand and supply balances into account rules out complete autonomy and requires that the area level plans are prepared within a macro-framework. The planning exercise should be carried out not at any one level, but at several levels with appropriate links established between them so as to arrive at a mutually consistent set of quantitative allocations and prices. It is this consideration which provides the ultimate rationale for multi-level planning which denotes integration of planning at various levels. Success of multi-level planning would, therefore, require formulation of multi-sector and multi-regional planning models. It will, however, take a long time before such models are developed and come to be generally accepted. Meanwhile, an attempt may be made to identify and demarcate the fields of activities where planning bodies at different levels should have exclusive, dominant and marginal responsibility. This was not attempted earlier despite much talk about multi-level planning. It is only

\*Kamta Prasad, "Area Planning Approach to Rural Development and the Problem of Consistency Between Local and National Planning", *International Association of Agricultural Economists, Occasional Papers*, Oxford, 1981.



during the last four years that serious attempts are being made in this respect. The Working Group on Block Level Planning in its report (1978), the Draft Five Year Plan (1979-83) and the Sixth Plan (1980-85) have identified a list of activities which are amenable to planning at the local level.

On account of factors mentioned earlier, planning at the state level, despite being a matter of constitutional and geographical necessity, has not been very effective; that at the sub-state levels—district and below—has been even more so. It is clear from the papers of Dr. Deva Raj and Shri Hooja that planning at the district level has encountered three types of problems. In the first place, most district plans have been a mere collection of felt needs of people and resultant demands for financial provisions without taking into account their local resources and infrastructure. Secondly, there is an absence of integrated rural urban spatial planning. The so-called district plans have been purely rural plans which have not taken into account the plans prepared for urban areas by town or city planning authorities. There are also programmes or plans of a number of Central and state agencies which are being executed in a city or its peripheral areas or elsewhere often without reference to the city master plans, if any. Besides there are special agencies set up for particular programmes like SFDA, DPAP and CADA, all operating in specified area jurisdictions within the district. This has further added to the problems of coordination, duplication and often wastage of resources. As a result, says Deva Raj, there is “a confused picture of multiplicity of plans with varying objectives, often overlapping or working at cross-purposes with no organisation for a coordinated approach to the problems of the district”. The district collector, no doubt, performs the role of a coordinator, but as the Working Group on Block Level Planning says, his coordinating role is “largely undefined and informal and is limited to issues pertaining to implementation”. Thirdly, the district plans have tended to be a mere collection of various departmental or sub-departmental proposals often handed over to the district from state headquarters without any integration. This is the direct result of the present administration in the district hopelessly bifurcated and fragmented with decision-making and accountability scattered between various local, statutory and administrative agencies and the prevailing practice of the departmental officers in the districts looking only to their heads of departments at the state level for guidance.

Area planning is undoubtedly a difficult task. As the Working Group on Block Level Planning, points out, it implies bringing about both vertical and horizontal coordination of the programmes formulated at different levels. Achieving such integration at the district or block level would involve “a restructuring of administrative apparatus aiming at strengthening of horizontal linkages and loosening of vertical (departmental) command line”. Such a change will only come about slowly and in the long

run. Meanwhile a start may be made by constituting a district planning cell with a minimum core staff which according to the Working Group should consist of a chief planning officer drawn from any discipline, an economist/statistician, cartographer/geographer, agronomist, engineer (irrigation/civil) industry officer (small scale and cottage industries) and credit planning officer with adjustments as may be necessary to suit requirements of particular situations or areas. As against this, the Planning Commission has recommended for a three-member planning team consisting of an economist/statistician, a credit planning officer and a small and cottage industry officer.

#### SUITABILITY OF DISTRICT, BLOCK AND OTHER REGIONS AS PLANNING UNITS

The hitherto unsatisfactory status of district planning as noted earlier has led Shri Hooja to give a somewhat detailed outline of the manner in which such an exercise should be conducted, so as to prepare a comprehensive document based on calculations of supply and demand and spelling out logical relations between sectoral and departmental plans and between various economic areas. This is very similar to the process described in the "Guidelines for the Formulation of District Plans" brought out by the Planning Commission in 1969. In that document, the Planning Commission had recommended that "the district should be adopted as the normal unit for integrated area planning at the local level". The focus in recent years has shifted in favour of blocks though within the framework of a district plan.

A question that arises here and which has been discussed quite often in our country and by the authors of three papers in this volume, is how far the districts as constituted at present can be regarded as suitable units for planning. It has been said that they were formed "due to chance or the accidents of history" and, therefore, need not have homogeneous economic features. Hooja, therefore, finds it imperative that district boundaries be redrawn along economic, geographic and social lines, but Deva Raj differs. According to him, "that the area and jurisdiction of districts will bear some considerable adjustments cannot be denied. On the other hand, the district has, because of its strong administrative identity, asserted itself as the basic unit for economic and sectoral planning as well as plan implementation. Moreover, if the district is to yield place to scientifically demarcated regions or sub-regions, it would be necessary to reorganise the entire administrative and institutional structure and it will raise a number of political issues and other problems of territorial orientation and adjustment of records. While the adjustment of district boundaries may remain a long-term objective, the odds are overwhelmingly in favour of the district being adopted as the basic unit of

local-level planning and implementation”.

However, in order to overcome the inadequacies of district as a unit of planning, he advocates a scheme of combining a number of districts to form regional areas at sub-state levels which are: (a) administratively feasible and manageable, (b) economically viable, and (c) have a hierarchy of settlements and technical and financial institutions, necessary for a self-generating effort. However, there is a risk that such a regional body may be unwieldy and tend to go against the economic, social and political identity of the people, resulting in erosion of a feeling of oneness and solidarity. Hooja, therefore, makes a suggestion that “each district be sub-divided on the basis of economic homogeneity into economic areas or ‘Mandi areas’, which may be considered to be the lowest units for the integrated provision of socio-economic overheads and services”.

Principles like those of homogeneity and inter-relationship have been suggested for delineating regions for planning. These aspects are discussed in the next paper by Shri V. Nath who rightly points out that no planning region, however defined and demarcated, can be adequate for all planning purposes. Administrative regions of planning “have to be supplemented by other regions for some purposes of planning, and may even have to be replaced for other purposes”. He mentions the river-valley system as a unit for planning the utilisation of water resources and the metropolitan area of the city for metropolitan planning. Similarly, for planning of transport or development of power resources, regions may have to be specially delineated keeping in view the particular requirements of the planning task. Planning units tend to coincide with the administrative units in practice because of the ease with which machinery for planning and implementation can be set up and arrangement for the association of the people’s representatives with the planning process can be made at those units.

Latest thinking on the subject as represented by the Working Group on Block Level Planning (1978) and subsequent documents of the Planning Commission including Sixth Five Year Plan is in favour of adoption of block as the area for local planning. As the Manual on Integrated Rural Development Programme points out, a block has been accepted as the unit for planning and implementation because there are several economic activities which can be more appropriately planned at this level. Such activities are those which require detailed and intimate knowledge of local conditions and local requirements and often envisage an element of popular participation. But all of them are in favour of adopting a flexible approach. “The issue whether a district or a block is more appropriate for the purpose of planning need not be viewed with rigidity.” In the approach adopted by the Working Group, “district and block level planning are visualised as a part of the same exercise, inasmuch as the planning team charged with the



responsibility of block-level planning will be located at district headquarters and will also be attending to all aspects of district planning". And further "block level planning is to be viewed not as an isolated exercise but as a link in a hierarchy of levels from a cluster of villages below the block level to the district, regional and state level".

### DEMOCRATIC DECENTRALISATION

Multi-level planning is not the only form of decentralised planning. As Shri Amritananda Das points out, the concept of decentralisation is understood in several ways, *e.g.*, the relationship between different administrative levels of planning—national, state, district, block, etc.; between upper and lower ranks of bureaucracy involved in planning and implementation; between aggregative economic planning at national or state levels and management of public enterprises; and between official process and of planning from above and community level planning from below by local self-government agencies. He shows how the debate with respect of the Centre-versus States issue is largely irrelevant from the point of view of the decentralised philosophy because both are elitist in character and imply planning from above through hierarchically organised bureaucracies. Similarly, the increased emphasis on district and block level area planning activities within the present day framework will not lead to any genuine decentralisation in the sense of greater autonomy of the people at district or block levels to determine the kind of development future they would prefer to choose. Equally irrelevant, according to him, is the issue of the relationship between official planning and management of publicly owned large enterprises.

Shri Das makes a fine distinction between decentralisation and devolution. Decentralisation denotes a situation when lower ranking decision units acquire greater control over the determination of their goals and targets while devolution takes place when lower ranking administrative units acquire greater autonomy over methods of goal-attainment as distinct from the determination of policy goals. According to him the choice between centralisation and decentralisation is essentially ideological. Decentralisation encourages greater adaptability to varying local conditions but also results in loss of uniformity of policy over a wide range of local environments. Hence the basic ideological issue involved is concerned with the degree of uniformity that is desirable in the behaviour of the smaller lower-ranking units. An individual preference as between these two considerations would not be the same on every issue; rather it would vary from one situation or issue to another.

The crucial decentralisation issues with which he is concerned are how can the agencies of local self-government be enabled to function, as planning and plan implementation units enjoying reasonable autonomy. He

gives a scheme of the planning organisation from village to national level along with a list of functions to be performed by them. He also spells out a 14-point agenda of institutional reforms necessary for effective decentralisation of planning and plan implementation in India. These embrace far-reaching changes in the constitution, planning system, and administrative structure. He makes a strong case for small size states as part of his decentralised state of planning.

## PUBLIC PARTICIPATION IN PLANNING

At the root of all these discussions related to decentralised planning is the question of people's participation in the planning process. The need for this participation is felt on the ground of bridging the gap between what the people want and what they actually get. Without their involvement, their felt needs may be ignored even if the plan is prepared at the local level. It is also said that a change from old patterns to new modes of behaviour and new techniques of production which form a part of development planning will be facilitated if people take an active part in the decision-making process. Popular support and enthusiasm necessary for success of plan efforts can be obtained not just by sharing information with them but by giving them a chance in the planning process so as to enable them to perceive the new projects in terms of their needs, aspirations and experiences.

However, the whole question of public participation in the planning process, although widely talked about in our country as well as elsewhere and sometimes regarded as a panacea for solving all problems is still vague and nebulous and deserves a closer enquiry. Several issues arise. For example, how far is it desirable to allow goal setting to be determined by popular participation at the local level alone in view of the fact that process of change and development may imply a break with traditional beliefs and customs, which far from receiving popular support may encounter opposition? What degree of involvement is desirable and feasible? At what stage in planning process can people's opinion be used most effectively? How far one should depend on that opinion? How to ensure that their involvement does not result in plan becoming a mere list of demands as perceived from a narrow local perspective? In view of the fact that public is not a harmonious entity and that it comprises groups with conflicting interests, what segment of public should be consulted? How to ascertain the opinion of public on competing objectives or schemes? Whom to consult—their representative political institutions such as panchayats or class organisations such as Kisan Sabhas where they exist, political or caste leaders or the target groups? Conventional wisdom generally leads to representative institutions. What should be the process of decision-making by these representative bodies at the local levels? Should it

be by consensus or by majority? Is the mechanism of social synthesis implicit in the consensus approach consistent with the present day rural reality characterised by factionalism? Will it not result in stalling progress? On the other hand will not the majority rule result in strengthening the position of the powerful rural rich which may not be in the best interest of the poor? In what way the organisation of the rural decision-making institutions to be restructured so that decision-makers occupy their position on the basis of public work, efficiency, and integrity rather than caste, class, religion, ethnic group and family status which by and large have been the case so far?

Since planning is also a technical exercise there will be need to have a proper mix of technical expertise and popular participation in the planning process. Moreover, since planning at local levels should be related to and integrated with planning at other levels, it must involve the local officials. Thus, planning at the local level, as at the national and State, should be a joint responsibility of administrators, technicians and public leaders selected in such a manner as to provide adequate representation of different shades of local opinion and populace specially the weaker sections. For certain purposes special interest groups or target population alone may have to be consulted/involved. Public opinion should be consulted on specific planning issues after alternative plan designs based on their preferences and available resources have been worked out by the experts.

### PLANNING OF PLAN IMPLEMENTATION

Coming to plan implementation, the first point that should be kept in mind is that planning and implementation, though distinct processes, are so much inter-linked with each other that it is not wise to consider the one in isolation from the other. According to Dr. K.N. Kabra who devotes his entire paper to a discussion of this aspect, the processes are logically and integrally linked through what he calls "planning of plan implementation". Similar views are expressed by Shri P.P. Agarwal and Shri H.C. Rieger. As Agarwal points out "planning cannot succeed unless planners consider it an integral part of their task to establish the kind of administrative systems which can formulate and carry out development plans realistically". Non-realisation of plan targets may be as much due to defective planning as to defective implementation and to attribute it to the latter only, as is the tendency in certain circles, is "more of a device for renouncing responsibility than a statement of fact" (Rieger).

A plan should not be a mere statement of objectives and targets but must give an account of specific course of action through which the targets would be realised. As Kabra points out, "Generally the goals selection and programme preparation are taken to constitute the essence of planning. It is hoped that plan implementation will take care of itself. The process of plan

formulation cannot be said to be complete unless it also makes a choice of or indicates the criteria for choice with respect to instruments, methods and agencies capable of translating the planned tasks into reality according to the decisions of the planners. The rationale for undertaking economic planning will be nullified if the planned tasks are to be accomplished anyhow and irrespective of costs. The elemental, spontaneous nature of economic activities, *i.e.*, their unplanned nature would remain in tact, if plans are formulated without devising a mechanism or mechanisms for implementation."

Agarwal points out that an important requirement for plan implementation is the detailed planning of its operational aspects. "This operational plan must indicate the exact stages as also detail out the path along which implementation is to be done. For example, the priority assigned to each part of the job, sequence in which each of these needed to be taken up and the requirements in terms of men, money and material should be supported by reliable study. In case only tentative indications are feasible, this should be clearly stipulated... It should be well understood that inadequate operational plans have been, perhaps, the weakest link in our implementation... In our traditional administration operational aspects were left to be worked out by others. In view of the complexities of projects and programmes, their new order and social compulsions, only detailed operational plans can today ensure effective implementation... There is also need for detailed planning in all aspects relating to a project. Instances can be multiplied where, for want of detailed project planning, many matters were taken for granted which did not materialise at the stage of implementation. In other words, the structure of potential implementation was not in keeping with the assumptions developed during the stage of planning." Effective planning, therefore, really begins at the stage of plan formulation. That the Planning Commission is now realising the importance of this point will be obvious from the following statement in the Sixth Five Year Plan. "There is indication from experience that deficiencies in implementation may also be due to inadequate planning of projects at the initial stage causing slippages in schedules, cost over-runs and poor performance generally".

#### POLITICAL AND CONSTITUTIONAL ASPECTS OF PLAN IMPLEMENTATION

Planning, no doubt, is the concern of the whole nation; more so in a mixed economy like ours, where the private sector and the market forces play important role in the economic system. The process of plan formulation should, therefore, permeate the decision making fabric of the entire nation and enlist the involvement and active cooperation of the private sector, the trade unions, the intellectuals and others. However, it is the government which has the prime responsibility of formulating and implementing the plans and as such the quality of the planning exercise and

the efficiency of its implementation would be a function of the nature and structure of the state : whether it is totalitarian or democratic, unitary or federal, centralised or decentralised. The paper by Dr. H.K. Paranjape dwells at length on some of these aspects of plan implementation.

Democracy, through the elected representatives of the people, provides a mechanism for interpreting people's urges and aspirations to the planners on the one hand and interpreting plans to the people on the other hand. It also provides scope for incorporating felt needs of people in the planning process and for obtaining popular support and cooperation for the implementation of the plans. The success of this, however, requires a political leadership which is bold, imaginative, intellectually alert, dedicated to people and in touch with them. It should be in a position to carry out the structural and institutional reform which may be considered necessary and capable enough to get its views implemented through the administrative system.

"Effective planning", says Hanson, "requires a government sufficiently authoritative and sufficiently determined to be able to resist all the pressures both from within and without the official hierarchy, each one aiming at deflecting the course of the plan in its own favour". However, it is not easy for democratic governments to provide clear and forceful direction needed for effective planning and implementation. The ruling parties consist of a number of factions or interest groups and are therefore influenced by a wide variety of ideas and opinions at all levels. As Dr. Paranjape rightly points out, "To maintain unity among all these different elements, compromises have to be made and these many times are of a verbal character which represent no clear understanding about concrete policies and programmes. The plan tries to provide something to everybody in the sense that everybody can find some of his ideas included together with others of quite different—almost contrary—character and, therefore, it lacks clarity and concreteness. This is an important reason why it is so common that various parties, including important sections of the ruling party, agree with the Plan and still balk at supporting particular measures which are essential for its implementation." The above problem is compounded by the parliamentary form of government under which the executive has to rely on continuous support of the legislature for continuance in office. It may, therefore, find it more difficult to take decisions in favour of policy which may hurt particular interests or otherwise prove unpopular in the short term but whose beneficial effects can be seen in a few years' time. In addition, a minister under the cabinet system, however, marginally concerned he may be with a particular subject, can always manage to delay if not modify the decision that he does not like. However, there are also examples of strong democratic governments both in India and abroad. Much would depend upon the quality of political leadership and the prevailing political culture.



The tenure of a government in a democratic set-up is limited to a few years whereas planning for development is a long run process. As a result, there is a likelihood of some uncertainty about the continuance of the basic policies at the time of every election. India did not face this problem till 1976 on account of one party rule. However, the election since then both in 1977 and 1980 which led to a change in ruling parties affected continuity of the plans prepared earlier. This suggests the need for developing some sort of national consensus on basic aspects of planning of the type developed in India so far so that the continuity of important policies and programmes is not affected by changes in government.

The federal constitution which gives enough power to the states with respect to several aspects of development ensures that the interest of the diverse groups which are represented by them are given due consideration. However, the process of consultation between the Union and the states and between states among themselves for certain purposes, results in delays in decision making and implementation. The attempt to decentralise planning at the level of district and block may cause further delays. As against this, we should balance the advantages that flow from this arrangement. It is, therefore, essentially a question of trade-off. A little delay in decision-making and implementation is worth the cost if it can result in plans and programmes which tend to increase the welfare of people and assist in attainment of other objectives and values which they may cherish equally strongly.

#### ADMINISTRATIVE CAPACITY AND PLAN IMPLEMENTATION

In an earlier paragraph the need for detailed planning to facilitate plan implementation has been underlined. However, it is equally important to note that there are limits to the detail into which the statement of intended actions of a national development plan can go. This is particularly so in sectors like agriculture where targets can only be expressed in aggregative terms. These have to be broken down further and a corresponding strategy evolved while preparing a plan of action. This is done by administration or bureaucracy. The realisation of plan targets would, therefore, depend upon administrative capability. Papers by Hanson, Paranjape, Agarwal, Rieger and N.R. De discuss several points related to the administrative aspects of plan implementation.

As Paranjape points out, developing economies face the problem of shortages of technical, managerial and administrative personnel for carrying out various development tasks. These shortages are felt more by the government sector which led by its egalitarian pretensions, offers a salary to its employees that is lower than that in the private sector. The problem is really serious in rural areas on account of the preference of administrators for the urban areas on the one hand and more difficult nature of tasks on the other hand. The frequent transfer of officers in the field does not help them

to develop their abilities as administrators by acquiring the local knowledge and confidence that is essential for their work. Moreover, as the Sixth Plan points out, the present personnel policies do not provide adequate incentives for taking up posting in rural and tribal areas. The problem may be tackled by increasing facilities for education and training including in-service training at different levels which emphasises the art of management rather than the mere knowledge of law and regulations and by getting better work out of existing talent through appropriate policies affecting motivation, morals and orientation such as improvement in emoluments and promotion prospects and appropriate personnel and transfer policies, e.g., by deputing more able administrators to rural areas and by ensuring rewards and prestige commensurate with the special qualities required. There is now a greater awareness of this problem and need to adopt measures of the type mentioned here as can be seen from the explicit statements made in these respects in both the Draft Five Year Plan (1978-83) and the Sixth Five Year Plan. However, no concrete action has been taken so far.

The introduction of planning for development imposes additional and more difficult responsibilities on the administrative system which has been very succinctly described by Rieger. The bottom level administrative machinery as inherited from the past was of a relatively simple nature equipped for dealing with a limited range of information inputs from the client system and receiving answers to enquiries transmitted to higher units. After the introduction of planning, the lower machines are required to interpret and act on quite new types of messages received from above. This becomes difficult for them. As Rieger points out, "the BDO who is tied to his desk answering correspondence from his state and district superiors is one who has lost initiative. He is dealing with things that are brought to his notice, having ceased to notice anything for himself. He has been essentially defeated by his job". At the same time, due to increase in number and range of queries received from lower levels, the higher levels of administration get overworked resulting in delay in decision making. According to an observation made in the Third Plan of India, "as large burdens are thrown on the administrative structure it grows in size" and "becomes slower in its functioning. Delays occur and affect operations at every stage". The purpose of administration in the pre-planning era was essentially one of keeping law and order, collecting taxes and generally blocking any initiative likely to lead to a disturbance of power balances. After the introduction of planning, government itself becomes a change agent. Thus, as Hanson quotes from Pakistan's Five Year Plan, "while government policies have a clear and definite bias in favour of development, the administrative system, wedded as it is to the *status quo* in its approach, organisation and procedures tends to pull in a different direction".

Implementation of plan in a democratic country like India requires a change in the traditional attitude of the administrator so as to secure the

active cooperation of people and non-governmental agencies. As Hanson points out, "the really daunting difficulties of planning in a mixed economy arise at the points where the administrator, in order to be effective, has to enlist the cooperation of private groups and individuals. It is a question of attitudes rather than organisation. The administrator has, in fact, to adopt the unfamiliar role of persuader, demonstrator and indeed listener than the familiar one of giver of orders". The administrator should be able to project a good image of himself as one engaged in honest and earnest pursuit of development at the grassroots. The developmental programmes should be such as to appeal to the self-interest and imagination of the potential beneficiaries. According to Agarwal "how various programmes will affect particular sections of the people and in what manner, this question must percolate the thinking of all our administrators interested in proper implementation". Prof. Nitish De expresses similar views when he says "the common masses will get involved so long as the plan objectives are translated in terms of their work experiences and work interests".

#### NEED FOR COORDINATION

The addition of developmental function and opening of functional units at different regional levels leads to the necessity of coordination at the level at which actions of different functional units have to be combined to get the desired results. Whereas specialisation leads to greater efficiency in vertical information flow, it necessitates the creation of coordination machinery in the regional units. "The problem of administrative coordination", says a contributor, "is the very essence of planning". And according to Rieger, "when an administrative system grows beyond a certain size the need for internal coordination supersedes the need for actual communication with the environment". Lack of proper coordination and integration between different government departments creates serious problems specially with regard to implementation of agricultural programmes. As Paranjape points out, "each department concerned with different aspects of the programmes has mainly concentrated on its own tasks and has not always taken care to see that its programmes move in step with other related programmes. Thus irrigation works have sometimes been completed without simultaneous carrying out of the tasks of constructing field channels and instructing farmers in the new methods of farming. The procedure for sanctioning of funds has been slow-moving so that funds and supplies have not reached the farmer and the technical agencies in time. Annual appropriations for schemes which continue from year to year and the delay in conveying actual sanctions have led to interruptions in work and concentration of large parts of the expenditure over a few months of the year".

However, there is dearth of coordinating ability at the local level for it requires people with an understanding of the growth process as well as of



the government's development strategy. The problems connected at that level are not only physical and organisational but also social, political and human. In addition, there has been a lack of common understanding and mutual trust between officers of different departments. "The authority for decisions even on technical matters has tended to be concentrated in the hands of group of persons without adequate experience and knowledge about the problems involved.... Even purely technical matters may be questioned again and again by such groups, many times because of a lack of understanding of the whole problem." (Paranjape).

Faced with such problems, governments in India have been establishing integrated bodies such as the Command Area Development Authority, the Drought-Prone-Area-Programme, the Integrated Rural Development Programme, etc., so that a common direction can be provided to closely related functions and programmes. Some of these agencies are too recent to provide any basis for a judgment; experience with others such as the CADA has been a mixed one. The Sixth Five Year Plan calls for a restructuring of block level administration so that the desired degree of horizontal coordination is reached. It has also recommended for the appointment of a District Development Officer who should have complete authority and responsibility with respect to development work in the district and should enjoy the same rank and status as the District Magistrate/Collector. Attempts have also been made to provide coordination at national level for tackling acute problems or handling crisis-laden situations by forming committees of secretaries or even cabinet sub-committees. These superordinate agencies are, however, ad hoc in nature and are not backed by wholetime competent staff. Their impact, therefore, may be marginal.

#### DELEGATION OF AUTHORITY

Paranjape, Agarwal, and others regard appropriate delegation of powers to lower levels as one of the most important requirements for effective plan implementation. It has been pointed out by Paranjape that lack of delegation of power "helps those field officials who are not action-minded and who therefore find safety in relying on superiors to give them decisions so as to avoid responsibility; but it is irksome for those who are interested in carrying out the programmes". Delegation is needed to reduce congestion and delay at the headquarter and to enable the officials to react swiftly to changing circumstances and exercise their initiative in the solution of problems. This requires that only important matters go to the Secretariat and the traditional method of financial control be revamped. The need for delegation has been repeated quite often but not much success has been achieved. It is often conceived of as a mere ritual without any understanding of its spirit and implications. Even the constitution of semi-autonomous boards has not resulted in much delegation of power on account of such factors as the

presence of officials on their management boards, traditional type of treasury control and their overall accountability to legislature, etc.

### BETTER PROCEDURES

Effective implementation of planned programmes would require changes in rules and procedures inherited from the age old system of civil administration. Agarwal underlines the need to introduce management techniques and concepts and a system approach to planning and implementation. "The existing system of reporting progress and shortcomings in implementation has not been found to be effective... The statements of expenditure as an indicator of performance can be misleading." He quotes Jawaharlal Nehru who said that "the question is what has been done and not how much money has been spent." He makes a strong case for detailed project planning and preparation of time schedule of operations as a technique for speedy implementation. To quote, "In the matter of plan implementation, among the most neglected area is the preparation of time schedule of operations. There are long delays in this exercise which can be identified both in the field and in the Secretariat. Take the case of issue of sanctions as a part of project work. Even if sanctions (or progress) are obtained expeditiously, they are frequently issued without ensuring that the necessary personnel and the material are available for implementing the programme. As an illustration, one may cite the example of sanctions in respect of personnel needed for planning. After the sanctions for posts are obtained, the reverse exercise of framing ad hoc rules incorporating qualifications and type of personnel required is started. Framing of ad hoc rules itself, being a complicated process, takes time. Thus, frequently, sanction of posts takes almost half a year and the other half is taken in framing the ad hoc rules. This can obviously be self-defeating. It is, therefore, essential that the administrative operations, such as sanction of posts, framing of ad hoc rules and filling up of posts should be properly planned and the time sequence adhered to rigidly. Lack of proper synchronisation of various stages of implementation of projects may result in avoidable losses. Availability of staff and equipment as an input is not properly planned and sometimes can be provided much ahead of the need or *vice versa*."

In this connection, Paranjape draws our attention to need for advance planning and action. Delay in implementation of projects takes place because of inadequate advance planning and action with respect to land acquisition, preliminary requirements like transport facilities, power, water and housing for the construction staff, preparation of a detailed project, etc. He feels that "the system of financial control is still oriented towards preventing wrong expenditure rather than promoting right expenditure". Prof. Nitish De carries this point still further. He shows how audit, the way it has functioned in India, has a negative role in plan implementation: it

creates a climate of inaction or hesitant, low-key action on the part of the administrator; it contributes to delay and despondency and sets obstacle to initiative, drive and innovativeness in public administration. Hence the audit department should review its rules and procedures for developing "a composite of performance criteria so that culture of results gets stabilised". De also draws our attention to the rules, procedures and systems of work followed in the hard core of the Secretariat (such as the departments of Personnel, Cabinet Secretariat, etc.) both at the Centre and in the states which are responsible for enormous delays and become a stumbling block in plan implementation. These are rule-oriented rather than result-oriented. While attempts have been and are being made to streamline the administration at project levels, almost nothing is being done to reduce the delaying processes in various ministries of the government. There is obviously an urgent need for reform in this area if plan implementation is to improve.

#### DELIVERY SYSTEM FOR THE WEAKER SECTIONS

Alleviation of poverty, reduction of economic inequalities and balanced regional development have been important objectives of Indian planning. However, the problem of inefficient implementation has been specially acute with regard to programmes designed for the benefit of weaker sections and backward areas so as to subserve the above-mentioned objectives. Even the Sixth Five Year Plan admits that the poor have "by and large remained untouched by development programmes so far". A basic problem has been one of identifying beneficiaries and areas. Several programmes meant primarily or exclusively for the poor such as the SFDA or *Antodaya* have failed to produce the desired result primarily on this count. The difficulties are both conceptual and practical. What yardstick to use and how to ensure that the non-poor would not be included in the list of beneficiaries? The problem of reaching the poor has been even more formidable. The delivery system whether it be of credit, input or advice has been found to be avoiding the poor so that even the benefits meant for them have been cornered by the rich on account of their various links with the local officials who man the delivery system. According to De, there is elitist bias at all levels of the government administration and this is not conducive to the successful implementation of programmes for the development of the poor. Transferring the delivery system in the hands of institutions of local government such as the Panchayats will be no better since these institutions are themselves dominated by the richer sections. It may also be asked whether it is possible for any delivery system to deal effectively with millions of the poor on an individual basis? The cost of it will be too high to be borne by our society at its present stage of development, even after assuming that the personnel involved are competent and honest. It may be better if our delivery system deals with the poor not as individual as suggested in the Sixth

Plan, but as members of some organised groups such as small cooperatives which would consist of persons similarly situated with respect of their socio-economic status. A policy of earmarking the supply of credit and input to the target group and area followed by periodic monitoring, which is implicit in the recently launched Integrated Rural Development Programme to cover the poorest of the rural poor throughout all the blocks in the country, is also likely to be helpful. The "Training and Visit System" of extension and credit-cum-input supply Malas have also been recommended for this purpose by the Planning Commission. Another suggestion that I would offer is to make the delivery system little more open and remove the veil of secrecy and confidentiality which usually surrounds its operations and provides a cloak for underhand dealings.

### SOME OTHER ASPECTS

On account of frequent changes in *inter se* priorities among schemes brought about by factors like changes in government or key functionaries, new schemes are added while old ones linger on or are practically abandoned without completion. This practice results in taking up of schemes beyond the capacity of the governments to finance them within scheduled time which in turn leads to delays in their completion, increases in costs, and a thin spread of limited resources over a number of projects. This has been going on despite the emphasis on expeditious completion of on-going schemes laid in five year plans. In the absence of a policy of earmarking of funds which used to prevail earlier but abandoned since 1969, the malaise has been increasing rather than decreasing. There is, therefore, a need to reintroduce earmarking and to provide funds to approved schemes, on a long term basis as against the present system of annual funding.

Inadequate monitoring and evaluation of plan projects have come to be recognised as among the crucial deficiencies of planning and implementation system in India. Some progress, no doubt, has been made in recent years. Thus, at the national level, monitoring systems have been established in respect of major projects in certain key sectors like chemicals and fertilisers, steel, petroleum, coal, power and irrigation. Major public sector undertakings of the Central Government have also set up their own monitoring systems. But, even now, the position is considered highly unsatisfactory both quantitatively as well as qualitatively. This underlines the need to strengthen the monitoring system specially with respect to inter-linked projects in order to ensure that these are implemented in step with each other and there are no imbalances in the creation or utilisation of capacity. The Sixth Plan proposes to take some necessary steps in this direction specially in priority sectors of agriculture, rural development and provision of minimum needs where the gaps are most glaring.

Machinery for evaluation is even less satisfactory. The executive

agencies are generally indifferent or even averse to their works being evaluated and to introduce changes in their projects or work procedures in the light of findings of evaluation studies. Apart from the evaluation wing of the Planning Commission and those in some states, there is hardly any evaluation machinery worth the name. Even these units are inadequate in strength and weak in the area of impact evaluation within the framework of social benefit cost analysis which is required for judging the overall socio-economic viability of projects or programmes. The Sixth Plan, therefore, proposes to strengthen the state and Central level evaluation organisations and the use of findings of these studies in formulating the development projects.

Lastly, there is the problem of widespread corruption in public life which jeopardises the implementation of most of the programmes. Dr. Paranjape who has drawn our attention to this aspect shows how various kinds of regulation and controls so necessary or desirable for plan implementation, have led to abuses and corruption as a result of which the controls do not serve their purpose and plan implementation suffers. This has generated a tendency to misappropriate or misuse public funds which reduces the impact of plan outlay.

KAMTA PRASAD

1911

# Contents

	PAGE
SERIES EDITOR'S INTRODUCTION	v
VOLUME EDITOR'S INTRODUCTION	vii
PLANNING BY STAGES <i>J. Tinbergen</i>	1
THE ADMINISTRATION OF PLANNING <i>A.H. Hanson</i>	9
PLANNING MACHINERY IN INDIA <i>S.R. Sen</i>	21
MULTI-LEVEL PLANNING AND LOCAL GOVERNMENT STRUCTURE <i>Deva Raj</i>	41
THE DISTRICT AS A PLANNING UNIT : STYLE AND LOCUS <i>Rakesh Hooja</i>	52
DECENTRALISATION OF DEVELOPMENT PLANNING AND IMPLEMENTATION <i>Amritananda Das</i>	65
REGIONS FOR PLANNING <i>V. Nath</i>	77
PLAN IMPLEMENTATION : EVOLUTION AND EVALUATION OF PLANNERS' VIEWS <i>Kamal Nayan Kabra</i>	93
POLITICAL AND ADMINISTRATIVE PROBLEMS OF IMPLEMENTING THE INDIAN PLAN <i>H.K. Paranjape</i>	106



## SOME ASPECTS OF PLAN IMPLEMENTATION

*P.P. Agarwal*

145

BUREAUCRACY AND THE IMPLEMENTATION OF  
ECONOMIC PLANS IN INDIA*H.C. Rieger*

155

## PUBLIC ADMINISTRATION AND PLAN IMPLEMENTATION

*Nitish R. De*

166

## BIBLIOGRAPHY

187

## INDEX

207



# Planning by Stages\*

J. Tinbergen

I AM really very pleased to have a chance to be in your midst, since, as has been already observed by two speakers before me, I gradually begin to feel at home in this country. I had the privilege of visiting it a few times so far. I have had the great pleasure of having several students of your country staying with us, taking their degrees with us, and in fact forming a sort of link of friendship between your country and mine. I am also fully aware of the large number of excellent scholars that this country knows, and of the immense struggle in which it is involved, the struggle against poverty, a struggle of a very deeply human character, which I think is not only your affair, but it is actually the world's affair. That is the way we, my circle of friends, feel it.

The subject I am going to discuss with you is, and I have to apologise to those who are not familiar with the subject, somewhat of a technical nature. Yet, I think that the aspects I would like to discuss today certainly are much broader than only an element of econometrics. In fact, the method of planning that I am going to defend today before you is a method not only based on certain considerations of economic research, but also on other considerations that I think must rank highly wherever an attempt is made to do planning, let me say, as a democratic process. Because it is not only the technicians who make the plan, that have to understand it. I think it is the nation as a whole. But it is, anyhow, of course, the political community that has to understand it. Moreover, there is also the community as a whole, or again more particularly the economic community, that has to participate in it. The two main reasons why it has to participate in it are the following: On the one hand, the very principle of democracy requires that if a thing of such importance for the well-being of a country, like development plans, is done that those affected should have the possibility, if only groupwise of course, to talk about this subject before it is begun to be decided upon. On the other hand, we all know that development policy and developing an economy is about one of the most complicated processes conceivable, because virtually all aspects of human life are involved, and that means that the need for information about all sectors of economic and social life is also a

\*From *Indian Journal of Public Administration*, Vol. VIII, No. 1, 1962, pp. 1-9.

very vital element of such an activity. This is why it is anyhow not only desirable, but even necessary, that at various stages of the planning operation there is contact with the outside world, with the world for which the plan is intended to be. You will find in the remainder of my expose these elements coming back and turning up again and again.

I said, to make a long-term plan is a very complicated matter. This has led one of my most eminent colleagues, certainly well-known to all of you, Prof. R. Frisch of Oslo, Norway, to state and to defend the position that this complicated process could only be done with the highest techniques of modern mathematics, using the newest mathematical equipment for its execution. That, I think, in principle is true because it is a simultaneous problem and it has to be solved simultaneously : that is to say, you have to try to express in your methods all the inter-relations that are at stake ; that you have then to try and find the solution, that is to say, the economic development that is optimal and consistent with all the data of the problem. If one tries to do so, and no one better than Prof. Frisch could do so, it leads to a situation which I would characterise as a problem of "one thousand equations with one thousand unknowns" ; it is actually even more serious than that. I won't try to explain to you the complexities of it, but the point is that this method may be seen as some sort of an extrapolation of operations research, as we now know it in business life, to society as a whole. That operation is indeed a very complicated one and can either be only left to the technicians or has to be done in another way. I would not say, that perhaps in the further future we will nevertheless have to decide to leave it to the technicians. We know in industry there are many things that are in confidence left to the technicians. Take some complicated chemical process or physical process for that matter : it will not be attempted by the chemist to explain everything of it to the directors of the enterprise—where it has to be carried out. But, for the reasons that I indicated, I feel that we should try another way, if another way is open, in the hope that by doing so we may make the process not only understandable to others but that it may be possible for others to think with us. This is why I have the conviction, at least for the time being, that this process should be divided into a number of parts that can be done more or less separately and one may say that this represents an example of the well-known method of successive approximations which in many sciences, including economics, has been applied. To some extent, it is also a question of, let me say, being practical. Sometimes it depends on how one tackles a problem whether the problem appears to be very difficult or less difficult. One could not go as far as to say that, as it has been done in Germany, that the characteristics of the true is that it is simple. I do not really want to say so because I do not say that my methods would be truer or better than the one of Prof. Frisch's.

Let me give you an example of how by being practical, I think, we can in fact simplify a problem. I think we can organise economic development

policy in such a way as to deal separately with some parts of the problem, and thereby we will simplify the remainder of the problem. An outstanding example is I think to make a distinction between *short-term economic policy* and *long-term economic policy*. We all know that all economies are subject to a number of annual fluctuations, due to crop variations, to changes in international markets and so on and that these continually threaten, for instance, the balance of payments equilibrium, the price system, or the employment situation and I think we have developed to some extent with Keynesian methods, but not necessarily only with such methods, possibilities of adjusting the economy to such changes. If we try to do so by taking action at a correct moment, we may say that the remainder of the problem of development is simplified, because we may then assume this long-term process to be a process which takes place under a balanced balance of payments, or which takes place under a balanced price system, or similar simplifications. So, here you have one example of how, I think, one can split off a part of the problem and eliminate one of the complications. In fact, Prof. Frisch does not eliminate these complications. He keeps within his system the existence of over-capacity and I make the assumption that by and large for the long-term process that remains after the elimination of cycles we may assume that all capacity is being used. It would be precisely the task of the short-term policy to see to it that such a thing would happen and although in the beginning it may not be possible everywhere, I think, after some time it may be possible almost everywhere. Another example of the pieces of research that can be split off so to say from the general field of research, I would indicate with the name of *partial research*, such as the research referring to single enterprises or single industries. For instance, the question of determining what is the optimum size of an enterprise in any industry that we want to add to the national pattern. These are studies that can be done I think almost independently of what precisely the future development will be. Of course, in principle it is not independent. But, I think that as a first approximation it is independent. That means that in fact quite a bit of the operations involved can be delegated, as they are in practice very often, to ministries or to services that are experts on certain types of industries or activities and which will eventually then present their results to the general planning agency. One may by the way sometimes find interesting things. I want to quote, for example, a piece of research that has been conducted in my country years ago and which showed that in the bakery industry, there was the possibility not only of producing efficiently in large factories but just as well in small units. In fact, the interesting thing was that the middle-size units did worse than both the big-size and the small-size units. That is to say what we would call the local bakeries or the bakeries for one single quarter, would still do well; so would, what we call, the large 'bread factories'. But, the intermediate levels of production were not competitive. In this particular case the reason was that bread has always to be transported to the consumer and

even daily, and that means that transportation cost plays an important role here. Now, for the small bakery you can avoid the transportation cost. That was the kernel of the feature that made it possible that two types of enterprises could be in equilibrium and could both exist.

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Now, coming to the core of the matter, to the planning process proper, here I would like to apply the phrase of 'stages' that I have chosen in the title of my talk. I do think in fact that here it is sensible to use successive steps in the process, and these successive steps would in principle be three stages. But, on top of that there may have to be revisions several times, typical for any process of successive approximations.

The first step would be this: A decision has to be taken on the *overall rate of development* of the country. This decision, as you know, of course will always be intimately connected with another decision, namely, the decision of what portion of national product to save. If we use the somewhat crude but useful knowledge about the capital-output ratio for illustrative purposes, we may say this: if a country is at a certain moment saving, say 12 per cent of its national income, or at least the total savings available—they may be partially available from outside—are 12 per cent of the national income, then, if the capital-output ratio is 3, we can hope for a rate of development of 4 per cent per annum of national product. This is the standard example that you all know of. But if, instead of having 12 per cent savings, we would decide to save a bit more, say 13 per cent, then evidently at the first moment we would be left with one per cent less consumption—which is not pleasant. But on the other hand, that would enable us to increase future production by  $\frac{1}{3}$  per cent, for all future and we must compare this advantage with the disadvantage of less initial consumption, in order to make our choice. The choice that has to be made here typically is to find the optimal combination among those that are possible. While I once hoped that economic science might give guidance to solve this problem, I have temporarily been forced to give up this hope. In an article which I published in *Econometrica* in 1960, I have reported my negative findings. So, for practical purposes, I would say for the moment that this decision has to be taken intuitively, and I think by the government at large. Here, the broad lines of general policy are involved. If the economists are not really able to answer the question in a very precise way, it is better that the answer be given by the government, because the government is responsible, but, of course, based on the technical knowledge that the economist can supply, and which in fact limits the choices.

The next stage then would be that, once we know how the general development of national income should be, we ask ourselves about the *sectors* into which investment has to go. That means that we try to get an overall

picture of the development according to industries. This would largely be a question of market analysis, let us say, and would involve estimates of what the internal markets as well as the external markets will be able in the future to buy. It necessarily somewhat involves that we can only do so for what I would like to call the *traditional* industries, [those that are already there. It is less easy to do it for the new industries. There would be no clue to find what the new industries had to be. This in fact can only happen in the third stage.

But, before embarking on the third stage, which will be called the stage of products, I would like to tell you about the controversy that has arisen on this point between Prof. Frisch and myself, because it is exactly at this point that Frisch has formulated one of his criticisms. What he says is this : You cannot decide on the rate of savings in advance because the capital-output ratio is not given in advance. It depends on what structure you are going to give to the economy later. Therefore, there is inter-dependency and you cannot split up the problem into stages. I think that in principle this is perfectly true. We all know that the capital-output ratio is very different for different industries, and evidently it makes a difference whether you will have in the future, say, heavy capital-intensive activities, or whether you will have labour-intensive activities and to what extent you have them. But my point is that, although in a way by doing so, you originally may make a mistake, by repeating the process you will very soon get at the right values: that it is what we call in mathematics a converging process.

I think that the most important portion of the whole process is the third stage, the one of the *single projects*. But before embarking upon this, let me say that the importance of the second phase is, I think, mainly in making forecasts for those general serving industries like the energy-producing industries, transportation, trade and a few other general activities; very probably also for education—but that is a matter to which I shall return later for a short while.

The third phase is in fact decisive because I think we can all agree that the decisive element in a development programme for a newly-developing country is to find out what are the industries of the future, and here I think as an economist I must repeat a well-known old phrase, namely, that it is comparative advantages that matter most. It means that a country should concentrate on those industries for which, of course with the quantities demanded in the future, the cost-price ratio is the most advantageous one. Because only if we choose those industries we will get the maximum national product out of a given level of investment.

I have had the pleasure of having the intimate cooperation of one of your young countrymen, who took his degree with me, Dr. Sukhamoy Chakravarti, to work with me on this problem, and I can partly refer you to his thesis. The essential things that are coming up here, of course, are these. It should not be done, let me say, in the old-fashioned way, that is to say, in



the way in which private enterprise did it, without corrections. First of all, we should be aware, in the case of a developing country, of what the Americans call the 'learning curves' that is to say certain curves which seem to be more or less general, indicating what progress can be made by a new industry as a consequence of the exercise to be obtained during the life of the enterprise. We should not therefore take the actual cost of it but we should estimate the cost figures of the future. Then we should not use the private profit criterion but rather the national income criterion. That means we are not only interested in the income called profit, that can be created by such an industry, but we are interested in the sum total of certain types of income, profits plus wages plus salaries and, maybe a few other items, because, it is those that will accrue to the country at large and it is those that will determine whether a certain investment is attractive or not to a nation.

Then, to be sure, it is not necessary that only the contribution to national income be considered the aim. It may be very well that we have *additional aims*, such as employment, or an aim on the distribution of income between social groups and we are able to combine the various criteria. But we do need one new concept in order to do so, the famous concept of *shadow prices*. Shadow prices, as you all know, are not necessarily the prices you find in the actual market. They may be different from them. There are some very clear and simple examples. The shadow price of a goods which is protected in the national market must not be the national price but the international price.

The shadow price of foreign exchange may be a price higher than the official rate. The shadow price of labour—of unskilled labour at least—may be lower than your official price and so on and so forth. But we can also have shadow prices for aims, that is not only for production factors. If you want to compare different projects and in one of the projects the contribution to national income is very important, whereas in the other project the contribution to employment is very important, you have to compare these two things and you have to have some common measure for them. In principle you have to depend on the policy-makers' preferences. You have to enquire maybe from your prime minister, maybe all your ministers, or all members of parliament, as to how much employment, say in per cent, they would like to give up if they could gain by that one per cent in national income. If once you know the answer to this question, then you can make the estimate and I think this sort of interviewing is certainly not out of the question. It is certainly possible.

The main contribution, as I said, of the third stage, is that you discover which industries have to be the new industries for the future. I am not able, in the short time available, to go into the many details that must be solved in such questions. But, I would like to touch on one subject that is of some particular importance, namely, the question of the so-called *indirect effect* of an investment project. So far when I spoke of the contribution to national



income, I thought rather of the direct effects of the projects. But since Keynes we have also been thinking of the indirect effects. I think we can perhaps with some advantage make use in this problem of a new concept that I had the pleasure of proposing some time ago in an article which has been published in the periodical *Industrial India*—I chose the same 'Semi-Input Output Analysis' for the new proposal. But, although that may sound very learned, the principle is simple. The idea is this. I think it is useful to follow the theory of international trade, one step further than we did so far and to make the distinction (admittedly a crude distinction) between *international* industries and *national* industries. By an international industry I mean an industry of which the products can be transported over the national frontier, that is, which can be exported or imported. By a national industry I mean an industry of which the product cannot be transported over the frontier. Broadly speaking, we would consider, for instance, energy, railway transportation, road transportation, internal trade, and building as some important examples of national industries, even though it is true that electricity is exported by some countries. Now, I come to the essence of the remark I have to make on indirect effects. I think we are all aware of the fact that, if you start a new enterprise, say in textiles, which is typically an international industry, you always have to have a *complementary set* of projects—an increase in energy, an increase in transportation, an increase in buildings. I call this the complementary set of projects and they can just not be divorced from the first project. They have to be carried out together or they have not to be carried out. So, if we want to judge the importance of the first project—of the project in an international industry—we have to consider not only what it contributes itself to national product but also what the other projects, the complementary set, do. We must also know what the complementary set requires in the form of investment and it is only of the whole set that we have to have the figures. It is for this purpose that one can make use of input-output tables in a somewhat different way from the way so far usually advocated and the word 'semi' comes in for some kind of mathematical reason which I won't now set out.

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The last remark, Mr. Chairman, should concern itself with still another portion of work that must be done and again to some extent could be done separately. I am not thinking of the *regional* aspect of it. In many countries and particularly in large countries like yours it is of considerable importance that the development programme should bring, or maintain, some equilibrium between the various parts of the country. In your case, it would be between the States; in my country which is much less important, it would be provinces, and so on. One thing, for instance, may be that we want to develop more strongly the regions that have been lagging behind others.

There is a need of a certain minimum documentation in order that we are able to carry out any regional policy and I would like to give some thought to what the minimum set of data needed should consist of. I have a feeling from many discussions that I heard about regional planning, that there is a considerable confusion of minds here; that not very much of a system has yet been developed to make such a plan and that in fact we often do not see the forest but only the trees. It is necessary to create some mental order and we must distinguish between what is important and what is not important. My attempt will be to restrict myself to the most important things, forgetting completely about the less important. I would even put the problem this way: in what way can I present a simple model, where the most essential things of regional differences just come in but nothing more than that. Of course, you may differ in opinion as to what is the most essential thing that the regional subdivision brings into the picture. I certainly do not say that this problem has been generally agreed upon. In my opinion the most important thing is that essentially there are two types of projects, which I call *shiftable* and *non-shiftable* projects. By shiftable projects I understand projects that can almost as easily be carried out in one state as in the other. By a non-shiftable one I understand a project that has to be carried out in one certain State, e.g., because of geological conditions. It may be coal mining, which can only be done at a few spots of the country, or a big harbour's activity which can only be done on a few spots and so on. In order to make a proper selection of projects, we have to combine the last two elements I spoke of. We have to be aware first of such complementary sets: we have to arrange all our projects as complementary sets. That is the first thing to do.

The next thing to do is to make the distinction between shiftable and not-shiftable sets of projects. If that were the documentation available to you, then you can already make a first very crude, but I think sensible, attempt at a regional programme. You can then, depending on the policy to be followed, indicate which projects have to be carried out and what are their priorities. If, for instance, your regional policy would simply be that you would always want to increase national income as much as you can, and not bother about any inequalities between regions, then you would simply have to carry out your sets of projects in the order of a list arranging them according to their contribution to the national income per million of investment. But if you would, for some reason, like to give priority to certain regions that have lagged behind, then you will take decisions which are deviating from the order first established. You will then, namely, add a further rule to the game. You will say, I will only have projects of region 'X' which is behind and even if there are several projects which, from the national point of view, are more attractive, I do not take them. I wait until I hit upon a project of region 'X,' and only when that region is brought to the level desired, I start again looking at my list from the top. □

# The Administration of Planning\*

A. H. Hanson

TODAY MOST countries in the world are making at least an attempt to plan their economies and there are very few that have not established a central planning agency of one kind or another. The place which is occupied by this body in the constitutional structure, its composition, internal organisation, and relationships with other governmental agencies have become matters of great interest and importance to all who are concerned with the study of administration.

I, therefore, propose to ask what are the various possibilities in this field and to suggest some principles which might determine the choice to be made among them.

We must define the functions that a planning agency is called upon to perform, because these must be quite clear in the minds of those responsible for organising it. The first thing to realise is that effective planning cannot be done by a planning agency alone. In a sense, planning is the responsibility of the whole nation. It is of direct and immediate concern to the legislature, the chief executive, the ministries, the public enterprises and other specialised governmental agencies, and of course, to all lower governmental formations such as local authorities. Furthermore, it requires the advice and if possible the consent of a whole host of representative institutions, such as chambers of commerce and manufacturers' associations, trade unions and cooperatives. Indeed, there are some who would regard it as the main duty of a central planning agency to criticise and coordinate the sectoral and local plans which have been drawn up initially by others. That, however, would be to go much too far, and it is certainly not an assertion which I myself would make. 'Planning from below', although necessary to ensure that plans are realistic and that there is a widespread interest in their success, is subject to serve limitations. If the plan is to be a genuinely national plan, then some initial guidance must be given to the lower units so that they are fully informed of the general framework into which their individual plans must be fitted and the resources which are likely to be available to them. In other words, they have to be presented with a draft which

\*From *Indian Journal of Public Administration*, Vol. IX, No. 2, 1963, pp. 149-161.

is drawn up by the central planning agency and at least provisionally approved by the highest political authorities.

In practice, of course, this draft will not be formulated in a vacuum by the planning agencies. It will incorporate at least some of the ideas and objectives put up by the various executive bodies whose relations with the planners must be close and continuous. Although macro-planning has logical priority, the actual drafting process will inevitably involve a rather complicated interplay between the macro and the micro. Nevertheless, unless the general targets are centrally indicated at an early stage, the available resources estimated and provisionally allocated, and sectoral balances at least roughed out, 'planning from below' will get nowhere in particular, and may come to be regarded by the people who take part in it as a somewhat superfluous exercise. I think India had some experience of that sort during the course of the preparations for the Second Five Year Plan, an experience which caused the planners to make certain rather important changes in their methods and approaches when the Third Five Year Plan was being formulated.

When the discussions on the draft plan are completed and the final document has been sent up to the political authorities for approval and implementation, the duties of the central planning agency are of course by no means over. Indeed in some respects they have only just begun. If the plan is a middle-term one, that is a four-or five-year one, as most of them are, the planners will have to advise on its breaking down into yearly plans and the translation of the relevant parts of these yearly plans into budgetary terms. They will have to watch and record the movements of the economy, detect deviations from expected behaviour and recommend remedial action. Such action, of course, in extreme cases, may involve very substantial modifications of the original plan itself. Moreover, long before the end of the current planning period, they will be busy recording and discovering the reasons for the achievements and shortfalls in order that they may more adequately define the tasks for the ensuing period and make the next round of planning a more realistic exercise than the last.

If it has to perform all these duties, such an agency needs to have on its staff, not only people who are familiar with the various sectors of the economy, but a hard core of technicians who are skilled in the science of economic analysis at the so-called macro level. Without these, planning is liable to be very little more than a somewhat indiscriminate gathering together of projects and the arbitrary cutting down of these to fit the estimated available resources. I think I can say without fear of contradiction that the First Five Year Plan in India was rather like that. I am not suggesting for one moment that it is a futile procedure. The First Five Year Plan was anything but futile, and I believe that valuable results have accrued from such 'rule of thumb' methods, particularly in countries which are at a comparatively early stage of economic development, when statistics are rudimentary and technicians are

extremely scarce. But I think it will be generally agreed that such methods need to be transcended as soon as possible. It is also clear that the relationship between the backroom boys and the planning agency as a whole need to be very carefully regulated. The same applies to the relationships between the agency itself and the people who are responsible for taking the ultimate political decisions. We have a saying in England that the specialist must always be on tap but never on top. The technician, in fact, cannot be allowed to prescribe, but his voice, nevertheless, must be clearly heard so that the decision-maker who chooses to disregard his advice knows exactly what risk is being taken, and if he chooses to take that risk what the consequences are likely to be. The difficulty is always to preserve a just balance between technical considerations and political considerations, because neither of them can be disregarded. Normally, as the politician always has the last word, it is usually important to tip the existing balance somewhat in the technician's favour; and that is an action not always to the politician's taste. So the status of the planning agency and the relationships which it establishes with the other agencies of government, upwards, downwards, and sideways, are of vital concern.

I think it can be safely said that the status and therefore the influence of the planning agency is likely to be highest when it is under the chairmanship of a prime minister or chief executive (according to the constitutional system) and when it numbers among its members some of the leading ministers concerned with the formulation and execution of economic policy. This is quite clearly the case with the Indian Planning Commission which, as you know, is chaired by the prime minister and contains three other ministerial members, one of whom, appropriately enough, is the minister of finance. The Turks, who have taken to economic planning very recently, have adopted a similar type of organisation. In this case, however, a formal distinction is made between a Planning Board which is mainly ministerial in composition, and a planning organisation, which is responsible for supplying the board with technical advice. In practice, the organisation draws up the plan according to the terms of reference given to it by the Board.

This intimate association of leading politicians with the preparation of a plan is said by some to have serious disadvantages. The estimates committee of the Lok Sabha, for instance, had certain things to say on this subject. The status of the planning body as a staff agency, it argued, is undermined by having ministers on it; it becomes something more than advisory but less than executive, inhabiting a sort of unhappy half-world. Moreover, the recommendations which emerge from the labours of that kind of body—recommendations which inevitably become the subject of wide discussion—tend to reflect an economic rationality which has already become considerably deflected by political pressures. Consequently, the interested public never has a chance to consider the draft plan which the macro-analyst would regard as ideally adapted to the terms of reference which have been

given. Those are the criticisms made and I am not suggesting that they are trivial. But most experience to date suggests that they are not decisive. To my mind, they are overborne by the fact that this type of planning organisation continuously exposes the leading politicians who are its members to technical considerations which otherwise they might be inclined to ignore—and, what is even more important, commits them much more firmly to the implementation of the plan than they would otherwise be committed.

These desiderata, of course, are not necessarily achieved by a mere form of organisation. Their realisation will also depend on the characters of the politicians concerned, on the pressures to which they are subject and on the general political situation. When these are unfavourable, as they are in Turkey, for instance, at the present moment, any planning agency, however well-organised, will be just left high and dry. But that is no excuse for failing to organise a planning agency in such a way that, other things being equal, the maximum amount of political drive will be imparted to the emergent plans. Certainly there is a great deal of evidence to suggest that in some countries planning has suffered from the adoption of forms of organisation which have relegated the planning agency to a comparatively humble and so-called non-political status. In the Philippines, for instance, the Office of National Planning has never been able to compete in political influence with such powerful bodies as the Central Bank and the ministry of finance. The result is that the Office of National Planning in the Philippines draws up beautiful plans but nobody takes much notice of them. It is a purely academic exercise. The so-called ministry of coordination in Greece engages in exercises of the same kind.

At the same time, dogmatism on the subject of the organisation of a planning agency and its constitutional position is extremely unwise, because our experience is yet very limited, and what works well in one country works badly in another. France, for instance, which probably offers the best example of a planned economy outside the Communist orbit, uses a non-ministerial Commissariat General du Plan. Pakistan, which has certainly begun to take planning seriously since the political changes of 1958, has a Planning Commission consisting of a chairman, a deputy chairman, and two other members, none of whom are of ministerial status. On the other hand, Thailand has the prime minister as chairman of the Planning Commission, and the deputy prime minister as vice-chairman; but nobody can say that Thailand is planning its economy particularly well. Nor can they say that Nepal is particularly successful in the field of planning, although the King himself is the chairman of the Planning Commission, and the minister of finance is vice-chairman, and various ministers sit *ex officio*. So one has to use the saving phrase, 'other things being equal'. One does not necessarily put political drive into one's planning by having the prime minister or the King as the chairman of the planning agency and a number of other prominent ministers as its members. Hence any conclusions or recommendations



on the subject of planning organisation must be very tentative. The most that one can safely say is that, in the less developed countries, the Indian type of planning organisation, suitably adapted to national needs, would appear more likely than most others to give economic planning the sort of political impetus it requires to achieve any measure of success.

When a country has adopted the Indian type of planning organisation, there can be no doubt about the location of the technical planning machinery (irrespective of whether it is given a distinct identity as in Turkey, or functions as an arm of the board or commission). But when this form of organisation has not been adopted, there are several alternative schemes, each with its merits and demerits, which are open to adoption. One of the simplest, and perhaps the best in these circumstances, is to locate the function of technical planning in the office of the prime minister or the chief executive. This gives it direct access to the man who takes the ultimate decisions, whether on his own individual responsibility or as an expression of the collective responsibility of the cabinet. Some argue that the burden thus placed on his shoulders is too great for him to bear when it is added to all the other burdens that he carries; but while it is true that every prime minister or chief executive with any sense of duty to his country is persistently overworked, one cannot rightly regard planning as a sort of extra burden; for he cannot escape being held responsible for the success or failure of the economic plans with which his name will be inevitably identified. The solution to the problem of overwork, which is a very real one, is not to take the technical planning machinery out of the prime minister's or the chief executive's office but to ensure that the head of that machinery is a man in whom the prime minister or the chief executive can feel complete confidence and to whom he can delegate all planning decisions, save those of the greatest political importance. Indeed, in many countries, this type of solution has been adopted; for instance, Burma, Ceylon, Malaya, Venezuela and Mexico—a very mixed bag.

Another possible solution, which has found favour in some countries, is to appoint a minister of planning and to locate the technical planning machinery in his office. There are obvious advantages here. You can be reasonably certain that at least one person of ministerial status is giving more or less undivided and continuous attention to planning problems. But the disadvantage, which can be very grave, is that the minister of planning, although possessing an overall, if ill-defined, responsibility for his country's economic future, is only one among many cabinet ministers and liable to be outvoted by his colleagues or overruled by the prime minister; the question is then bound to arise whether he is executive or advisory, or something of both. It is difficult to define precisely what kind of authority he is authorised to wield. This does not mean that a minister of planning should never be appointed but simply that it is highly dangerous to 'contract out' the planning function to some one who holds a rather ambiguous position. In India,

of course, there is a minister of planning who, as vice-chairman of the Planning Commission, has a general responsibility under the prime minister for the efficient organisation and functioning of that body. But the planning decisions are not taken by him, but by the whole commission, which is headed by the prime minister himself; and I do not think it is an exaggeration to say that once that has happened, ratification by the cabinet becomes almost if not quite automatic.

What about the finance minister? In some countries and in some of the Indian states the function of planning is located in the ministry of finance. In Singapore, for instance, the ministry of finance has an economic development division headed by a permanent secretary. It is possible that this arrangement reflects the British influence. In Britain, before the very recent establishment of the National Economic Development Council, such economic planning as was attempted fell within the province of the Treasury. This did not work particularly well, and I think it is likely to be even less satisfactory in a country which is lower in the scale of economic development. There are arguments in its favour, of course. One can argue that the planning function is naturally associated with the framing of the budget, the raising of taxation, and the control of national outlay on public account. One might argue furthermore that the finance ministry contains much of the necessary technical expertise and that it is the most senior of departments with which all other departments and governmental agencies have to maintain close, and in many respects, subordinate relationships. But I think it would be quite wrong to imagine that the finance ministry possesses any special competence in the field of planning as we now understand it. The experts needed by the planning agency are different in qualifications and outlook from those employed by the ministry of finance to prepare the budget, to collect the taxes, to control expenditure, raise public loans, and supervise the central banking system and the various other things that the ministry of finance does. Indeed, I might almost go so far as to say that years of experience in this ministry might actually disqualify man for the exercise of the planning function. For planning is essentially dynamic and forward-looking. Heavy expenditures need to be undertaken in the expectation of comparatively distant and indirect and sometimes problematical returns. By contrast, you often find that a cautious and conservative spirit tends to prevail in the finance ministries. They are ideologically oriented towards prevention rather than towards an encouragement of expenditure. Admittedly a dynamic finance minister can sometimes change these attitudes. But I am inclined to doubt whether he should attempt to do so because, after all, there is a vital part to be played in any governmental system by an agency which thinks consistently in terms of economy. But that agency is not the agency which ought to do the planning. Moreover, when a dynamic minister is replaced by someone of the average qualities, it is more than likely that the ministry will revert to its usual routine. Consequently,

the finance ministry is usually an unsuitable location for a technical planning agency. Its place in the planning structure, so to speak, is operational rather than creative and dynamic.

There are various other locations which have been tried from time to time in various countries. Sometimes planning has been given to the Central Bank. Sometimes it has even been contracted out to the universities. But we need take little notice of these eccentricities.

I have already emphasised that dogmatism in this field is very ill-advised, but it would seem to me that the two alternative systems most likely to yield favourable results, at least in the less developed countries are : (1) the system where the technical planning agency is attached to a Planning Commission, containing strong political representation, and working under the chairmanship of a prime minister or chief executive, and (2) the system where it is attached to the prime minister's or chief executive's own office.

If there are circumstances, political or otherwise, which seem to suggest another kind of arrangement, I think they ought to be scrutinised with the greatest possible care.

## II

I want to turn now from the problems of administrative construction involved in the creation and the composition and the location of a planning agency to the much more serious administrative problems which arise in respect of plan implementation. These have been discussed at great length in India and I want to select just one or two which seem to be particularly important, or perhaps unduly neglected. But first let us have a brief look at the general administrative problems involved in plan implementation. It is the merest common place to say that the planning sets the administrator new and difficult tasks. Take the following passage, which I think is fairly well-known, from Pakistan's First Five Year Plan :

So far as law and order, administration of justice and collection of revenues are concerned, the system (that is the system handed down to Pakistan by the British) continues to serve the country reasonably well. However, its efficiency in these essential fields tends to invest it with a fictitious appearance of adequacy for all purposes, including the new and supremely important task of planned development. This, on the one hand, creates a psychological atmosphere of complacency unfavourable to growth; and on the other, increases the inertia of the system, its power of resisting change. The result is an inner conflict in the business of government. While government policies have a clear and definite bias in favour of development, the administrative system, wedded as it is to the status quo in its approach, organisation and procedures, tends to pull in a different direction.

That was written about Pakistan. It might be written about almost any country which is attempting to develop from a comparatively low level by means of economic planning.

The remedies for these administrative deficiencies are now well known. The administrator, we are told, quite correctly, needs training of a different kind from that traditionally given, a training which emphasizes the art of management rather than the mere knowledge of the law and regulations. Within the administration, there must be greater delegation of responsibilities to reduce congestion and delay at the centre and to enable the official to react swiftly to changing circumstances and exercise his initiative in the solution of problems. In most cases, this involves a greater preparedness on the part of ministers to trust their civil servants and to ensure that only matters of really prime importance come to rest on the ministerial desk and not the petty-fogging day-to-day decisions. It also demands—and there has been an enormous amount of discussion about this in India—a revamping of the traditional methods of financial control through the abandonment of that meticulous checking of estimates and control of disbursements which is suitable to a more leisurely age and more negative type of administration.

I am not suggesting that these reforms can be effected by a stroke of the pen. On the contrary, they involve the most continuous struggle against ingrained habits. Even in India, where considerable progress has been made towards the accomplishment of these things, the Third Five Year Plan emphasises very much the same administrative deficiencies emphasised in the First Plan, as is evident in the following extract from the Third Five Year Plan report:

Our slow pace of execution in many fields; the problems involved in the planning, construction, and operation of large projects, difficulties in training men on a large enough scale, and securing personnel with the requisite calibre and experience.

Generalising about these things the authors of the Third Five Year Plan say:

As large burdens are thrown on the administrative structure, it grows in size. As its size increases, it becomes slower in its functioning. Delays occur and affect operations in every stage and the expected outputs are further deferred. New tasks become difficult to accomplish if the management is open to criticism. In these circumstances, there is need for far-reaching changes in procedures and approach and for re-examination of the prevalent methods and attitudes.

This is one set of problems. Then there is the problem of administrative coordination, which is of the very essence of planning. To break down

the Five Year Plan into a series of yearly plans, to translate these into budgetary plans, to ensure that every agency, not only understands its commitments but is determined to fulfil them; to bring about continuous co-operation between the various agencies involved; all these things demand very considerable degree of administrative sophistication, a readiness to subordinate personal ambitions to common good and an *esprit de corps* at the top level of the kind that has given the British administrative class its worldwide reputation. Even more, it requires a government sufficiently determined to be able to resist all the pressures both from within and without the official hierarchy, each one aiming at deflecting the course of the plan in its own favour. Failure at that governmental level is undoubtedly responsible for the fact that Pakistan's First Five Year Plan never really got off the ground, and that the morale of those who were supposed to be implementing it was so thoroughly undermined. This, of course, is an extreme example, because the government did not give the Plan its firm endorsement and made no serious effort to enforce its discipline. I believe they are doing better now.

These, however, are what might be called straight-line administrative problems. They are problems of a kind which can be solved if there is the will to solve them, together with the necessary energy and intelligence. (A certain amount of ruthlessness may be required also, particularly in the highest political levels.) The really daunting difficulties of planning, in a mixed economy, arise at the points where the administrator in order to be effective, has to enlist the cooperation of private groups and individuals. It is here in a very real sense that the administrator is on his own. The authority which the government has vested in him can win passive obedience—at least we hope it can—but not the active support which is needed.

Take the district officer confronted with an apathetic municipal council, or a block development officer confronted with a community of peasants which obstinately refuses to alter its traditional methods of cultivation. Of such gentlemen, one may truly say, in the words of President Truman: "The buck stops here." The problem is one of attitude, of personal relationships, of sociological insights. At this point, the manuals of procedures have become almost worse than useless.

It is with the agriculturist that the worst difficulties are experienced; for it is a thousand times easier to restrain the exuberance of the private businessman, if that is what is required, than to dispel the apathy of the peasant. Nevertheless, I would say that relations with private business are rarely as well-adjusted from the administrative end as they might be. Obviously, the businessman must not be allowed to dominate the economy, to run it in his own exclusive interests, particularly as, in most underdeveloped countries, that interest is often an extremely short-sighted one. But no more, on the other hand, must he be treated as a parish. I think the first danger sometimes materialises in countries committed to a free enterprise pattern,



and the second in countries where the emphasis is on the public sector, and where the government has assumed a political commitment to socialism of one kind or another. In the early stages of economic development, and perhaps in the later stages as well, controls of private business are, of course, essential, if only because every kind of resource, with the exception of unskilled labour, is in short supply. If these controls are exercised in effect by the businessmen themselves, they will degenerate into a racket, and if they are operated by bureaucrats who invariably think they 'know better' than businessmen, they will become stultifying and invite almost universal evasion. In either case the plan, at least as far as the private industrial sector is concerned, comes badly unstuck. What is needed is that they should be exercised with fairness, intelligence and flexibility, and furthermore, that they should be seen to be so exercised. This, in my view, is well-nigh impossible unless the business community itself is drawn in an advisory capacity into the whole business of formulating and executing the plan, as is being done in France through the Commissions de Modernisation and as is being attempted in England through the network of advisory bodies which are now capped by the newly-created National Economic Development Council. The same considerations apply with equal force to the trade union movement in those countries where it is sufficiently well organised and sufficiently articulate to make a coherent contribution. One of the difficulties is that, in many underdeveloped countries, neither the business nor the trade union community has adequately representative organs. In some of them, moreover, the prestige of business is low, and in some cases justifiably so in view of the anti-social practices in which many businessmen engage. Nevertheless, I am convinced that the attempt to enlist the businessman's cooperation must be made, because a mixed economy, without effective business participation in the taking of important decisions, is really a contradiction in terms.

By the same token, effective peasant participation is equally essential—in fact more so, because the whole future of the economy rests upon the development of its agricultural base. But the difficulties here are absolutely appalling. For, while administrators and businessmen at least speak in mutually comprehensible terms—they may abuse each other, but they understand the abuse—administrators and peasants might even be members of different nations. The administrator all too often appears to the peasant as the emissary of an alien urban civilisation, to be treated with circumspection and suspicion, even when he comes bearing gifts, and perhaps especially then. The approach adopted by the administrator, therefore, becomes of decisive importance. He must be able, first of all, to give expression to national objectives through the formulation and the operation of a multitude of small-scale schemes and projects which are meaningful to his constituents in terms of their own experiences and aspirations; and this is not easy. For, as the Third Five Year Plan says, "the line of communi-



relation between planning for the country as a whole and for each district, block and village, is a long one and to be able to preserve broad national priorities, while seeking to adapt the plan in its myriad forms to the conditions and needs in each area and each community, is no small objective." But even more than this, the administrator has to be willing to pocket his pride as a government servant. He has to be prepared to learn from those whom he is administering, because these not only have a fund of traditional wisdom which is not always to be despised, and inevitably a far more intimate knowledge of the local situation than he, as an outsider, can ever hope to acquire. Only if he is capable of projecting himself imaginatively into the mentality of the unlettered peasant will he be able to induce and guide the healthy growth of those self-governing institutions such as village councils and cooperatives upon which the realisation of the plan objectives of the country ultimately depends.

What I want to emphasise is that, fundamentally, this is a question of attitudes rather than of organisation. I think that you in India are realising that more and more. You have changed the organisational pattern of your community projects several times, and it has become fairly evident that a mere change in organisational pattern is not in itself going to produce the results which are required. The administrator has, in fact, to adopt the unfamiliar role of persuader, demonstrator and indeed listener rather than the familiar one of giver of orders. This demands an enormous effort of psychological adjustment—so enormous that, except with most unusual individuals, it can be induced only by an elaborate course of training and indoctrination. This is generally recognised in most countries although it is not so generally acted upon. What is less generally recognised, and I am afraid hardly ever acted upon, is that the rural administrator, the man who is responsible for carrying the plan to the rural community, needs to be selected from the very best of the administrative corps. Special qualities are required and the rewards and prestige need to be commensurate with those qualities. For the present, there are very few countries where a man is going to make a reputation or even a reasonable competence for himself by becoming an administrator in a rural area. The plums are all at the centre, in the secretariats, the departments, and the public enterprises, and the big town is inevitably a Mecca for the able administrator, as indeed it is for anyone else of more than average ability. Rural life is so 'dull' and so 'uncultured'. There are no playhouses, cinemas or lectures, and little possibility of sharing one's experiences with people of a similar educational background. Naturally, people do not want to go there if they can avoid it. To change this situation, which can be wholly disastrous for the cause of agricultural development and rural uplift, and therefore in the long run for planning, a positive revolution in government's administrative policies is called for. As yet there has been no such revolution anywhere, and I think that is one of the main reasons why agriculture, which is everywhere

the most vital sector in developmental policies, is usually the least successful of all sectors. I would suggest that if more attention be given to these and similar problems and perhaps less to such comparatively over-worked subjects—and I am responsible for a great deal of overwork myself—as the conduct and organisation of public enterprises, there would probably be very much better results to record in the field of planning.

I hope I have not sounded too dogmatic. I am certainly not attempting to give any advice to this country because I am not in a position to do so. I am simply retailing some of the conclusions I have provisionally and tentatively come to—and I underline those words ‘provisionally and tentatively’—as a result of looking at the administration of planning in a fair number of countries. □

# Planning Machinery in India\*

S. R. Sen

THE IDEA of a coordinated or planned effort for promoting rapid development of the economy was an integral part of the nationalist thinking in India long before independence. Ever since 1876 when Dadabhai Naoroji published his paper on Poverty of India, Indian leaders had criticised the policy of *laissez faire* followed by the then ruling power in India as one of the main causes of the economic decadence of the country and urged that it was only coordinated action for economic development taken by a popular government in the interest of the people of the country that could develop the economy and lead the people out of grinding poverty. As the struggle for national independence progressed, its social and economic aims became more definite. A comprehensive economic programme was adopted in 1931. In 1938, soon after popular governments were formed in the various provinces when they were granted a certain measure of autonomy, the Indian nationalists got for the first time the opportunity of putting their ideas into practice and decided to set up a National Planning Committee with Shri Jawaharlal Nehru, as its chairman. The work of this Committee was, however, interrupted because of the World War II, in the course of which many of its members found themselves in gaol. But it had already submitted 16 final and 10 interim reports which prepared the ground for the social and economic policies and programmes which were adopted by the country after it achieved independence in 1947. Even before the final transfer of power, the interim government that was formed in 1946 decided to appoint an Advisory Planning Board soon after it came into office. An important recommendation of the Board was the appointment of a Planning Commission to devote continuous attention to the whole field of economic and social development.

The first three years of independence were, however, taken up in settling a number of urgent administrative and political problems—in rehabilitating millions of refugees who were uprooted as a result of the partition of the country, integrating the five hundred and odd princely States with the rest of the Indian Union, reorganising the administrative and technical services, which had been very adversely affected by the war, the

\*From *Indian Journal of Public Administration*, Vol. VII, No. 3, 1961, pp. 215-35.

partition and departure of many foreign personnel shortly after the achievement of independence and, what was most important, in giving the country a constitution.

### DIRECTIVES OF THE CONSTITUTION

The basic economic and social policies of the country were set forth by the constitution, which came into force in January 1950, in its directive principles of State Policy in the following terms :

The State shall try to promote the welfare of the people by securing and protecting as effectively as it may a social order in which justice, social, economic and political, shall inform all the institutions of the national life.

Further that :

The State shall in particular direct its policy towards securing

- (a) that the citizens, men and women, equally have the right to an adequate means of livelihood ;
- (b) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good ; and
- (c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment.

### APPOINTMENT OF THE PLANNING COMMISSION

Soon after, in March 1950, the Planning Commission was set up by a Resolution of the Government of India in terms of these directive principles and its functions were defined as follows :

1. make an assessment of the material, capital and human resources of the country, including technical personnel, and investigate the possibilities of augmenting such of these resources as are found to be deficient in relation to the nation's requirements ;
2. formulate a plan for the most effective and balanced utilisation of the country's resources ;
3. on a determination of priorities, define the stages in which the Plan should be carried out and propose the allocation of resources for the due completion of each stage;
4. indicate the factors which are tending to retard economic development, and determine the conditions which, in view of the current

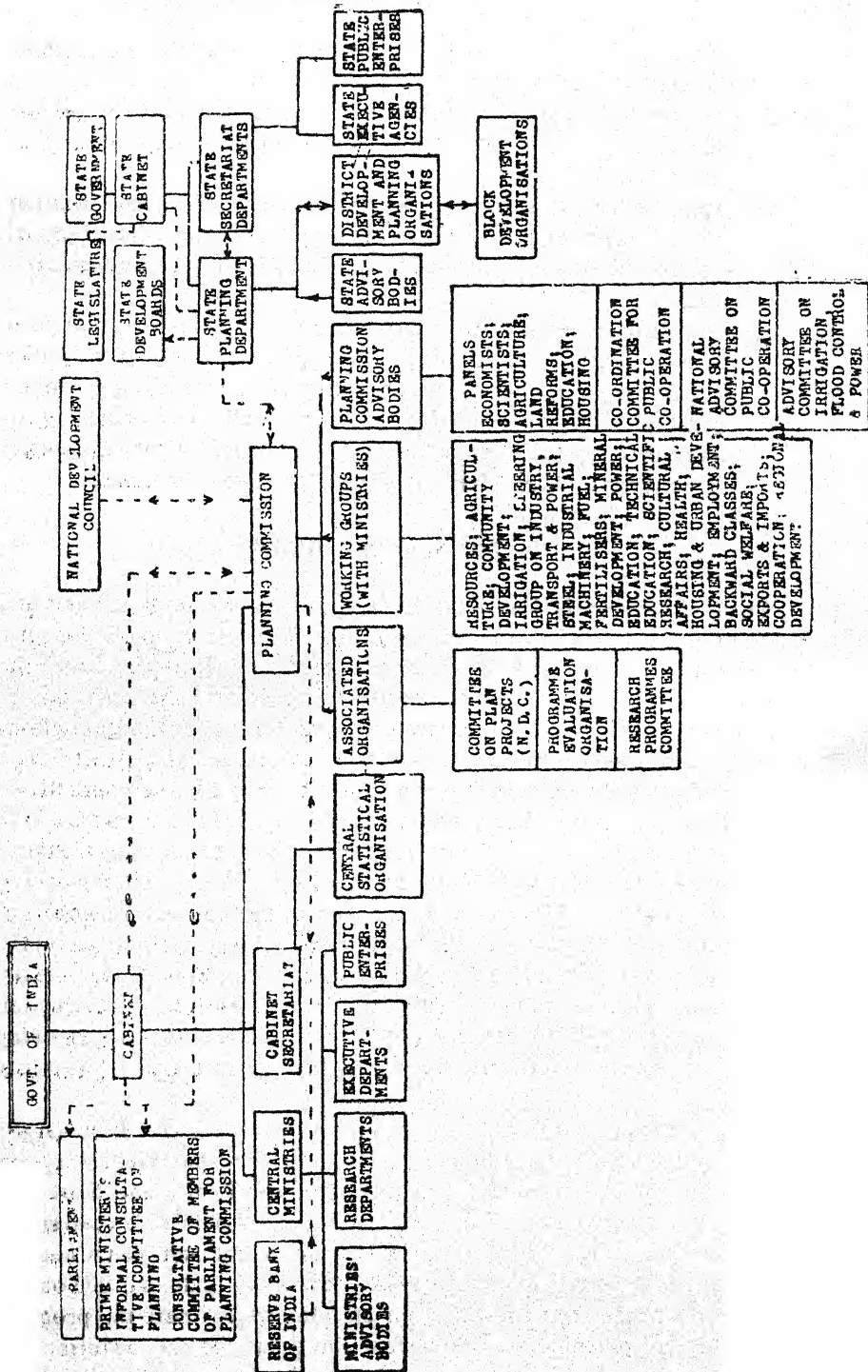
- social and political situation, should be established for the successful execution of the plan;
5. determine the nature of the machinery which will be necessary for securing the successful implementation of each stage of the plan in all its aspects;
  6. appraise from time to time the progress achieved in the execution of each stage of the Plan and to recommend the adjustments of policy and measures that such appraisal may show to be necessary; and
  7. make such interim or ancillary recommendations as appear to it to be appropriate either for facilitating the discharge of the duties assigned to it ; or, on a consideration of the prevailing economic conditions, current policies, measures and development programmes ; or on an examination of such specific problems as may be referred to it for advice by Central or State Governments.

#### THE PLANNING MACHINERY

The setting up of the Planning Commission was, no doubt, the first and most important step taken after independence in the direction of economic planning and it continues to be the core of the planning machinery in the country. But in course of time it was found necessary to set up a number of associated policy making, programming and evaluation organisations in the Centre as well as in the States in order to deal adequately with some of the complex problems which planning in a country of the size and diversity of India involved. The planning machinery in India comprises the Planning Commission and all these associated bodies. Among the latter mention may be made of the National Development Council comprising the prime minister of India, chief ministers of the States and members of the Planning Commission at the highest level, the planning cells in the Central ministries and the planning departments in the State Governments; the various working groups, advisory bodies and research and evaluation agencies associated with the Planning Commission and the programming units at the levels of districts, blocks and public enterprises. (Please see Chart I.)

The character of the planning machinery in India has been largely determined by four important factors. Firstly, India has a federal system of government in which the jurisdictions of the Centre and States are clearly demarcated and it is important to evolve a system which can ensure the fullest cooperation between different constituent units of the country without impinging upon their autonomy. Secondly, India has democratic system of administration in which it is essential to associate the people at every stage of planning and implement the plan that may be formulated through a process of persuasion and not of coercion. Thirdly, India

CHART - I  
PLANNING MACHINERY IN INDIA





has an economy in which the public and the private sectors exist side by side and the market forces operate within certain limits set down by State policy. Fourthly, India's goal is to achieve a socialist pattern of society and a self-sustained and self-generating economy within the period of a generation so that there is need, on the one hand, gradually to expand the public sector, and on the other, to lay greater emphasis on such kinds of investments as would help to make the economy self-sustaining within this time horizon. The fact that India has an economy of a continental character as it were, with different regions which are complementary to each other and with a large variety of basic natural resources has also influenced considerably her approach to and machinery for planned development.

### PLANNING PROCEDURE

Before a detailed account is given of the planning machinery in India, it may help understanding if the planning procedure that has been evolved over the last decade is briefly explained.

Planning in India, as elsewhere, is essentially a backward and forward process—an exercise in successive approximation as well as successive coordination. In the light of the basic political and social objectives of the government, the Planning Commission lays down tentatively certain general goals for a relatively long period, say, 15 or 20 years after a careful study of the various technical possibilities, the needs of the economy and alternative patterns of development. After the long-term perspective represented by these general 15 or 20 years goals are approved by government, certain broad five-year targets are tentatively formulated keeping this long-term picture in view. These broad five-year targets are then given as purely provisional guidelines to a number of working groups, one for each important sector, comprising usually the concerned technicians, economists and administrators in the Central ministries and the Planning Commission who carefully examine the implications for their respective fields. They then proceed to indicate what should be the long-term targets in those fields and if these long-term targets are accepted what should be the corresponding five-year targets. They also work out the details of the policies and programmes needed for achieving these targets. The working groups naturally take into consideration the various studies made in different ministries, State Governments, research organisations and industrial enterprises in the country. On the basis of the sectoral programmes formulated by various working groups, the Planning Commission prepares a short memorandum of the Five Year Plan which it places before the cabinet and the National Development Council. After the cabinet and the National Development Council approve this memorandum, a draft outline of the Five Year Plan is prepared and published several months before the Plan is to come into force. This draft outline sets out the objectives

of the Plan, makes an estimate of the resources and gives a broad indication of the various targets and tasks proposed provisionally to be included in the Plan. This is presented to the Parliament where it is discussed in considerable detail. The draft outline is also discussed widely in the press, universities and other interested organisations. At the same time the Planning Commission undertakes detailed consultations with the State Governments and the Central ministries. In the light of these discussions and consultations the final plan is formulated and presented to the cabinet, the National Development Council and the Parliament for final approval. Simultaneously the states, districts and the blocks also prepare their own plans keeping in view the broad targets which are indicated in the draft outline. These are modified later in the light of the amended figures which are accepted for inclusion in the final plan after discussion with the State authorities. While the tentative targets go from the Planning Commission to the Central ministries, states and the district and block planning authorities at the draft outline stage, it is the modified proposals of these authorities which subsequently come back to the Planning Commission that form the basis for the formulation of the final plan. At this last stage careful examination is made by the experts in the Commission of programmes and projects to be included in the plan from the technical and economic point of view and necessary adjustments made. Unlike certain other countries, in India the general approval of the parliament is considered to be sufficient and no separate law has to be enacted for giving a statutory authority to the plan. The plan as approved by the Parliament goes back to all the concerned authorities from the Central ministries downwards for the implementation of their respective programmes and projects.

The formulation of the Five Year Plan is, however, only just the beginning of the work. A five year is a relatively long period in a dynamic world. It is one of the duties of the Planning Commission to study continuously various changes in the economic and social situation and modify the plan as and when necessary. It is the practice in India to break up a five-year plan into a series of annual plans. Usually, in November and December every year there is a series of consultations between the Planning Commission on the one hand and the Central ministries and the States on the other for reviewing the progress of the Five Year Plan during the previous years, re-assessing the resources and the technical possibilities and formulating an annual plan for the next year. The annual financial budgets of the Central as well as the State Governments are formulated in the following February keeping in view these annual plans. The annual plan has now become a very important part of the planning procedure in India and has in fact evolved into a very important instrument of federal and State financial relationship. An annual plan introduces, on the one hand, and much-needed flexibility in the implementation of the Five Year Plan and, on the other, sets out programmes of development to be imple-

mented every year with sufficient details.

### *Role of the Planning Commission*

In the machinery and procedure of planning, described above, the Planning Commission naturally occupies a key position, but one important point is that it is essentially an advisory body to the government. It has neither constitutional nor even statutory authority. It is only when the plan formulated by the Commission is approved by the cabinet that it receives the necessary sanction.

In the special constitutional, political and economic situation that obtains in India, it is as well that the Planning Commission should rely more on consultation and agreement than on sanction. This perhaps gives its recommendations a larger measure of acceptance than could have otherwise been the case and also induces all parties concerned to seek agreed solutions and avoid taking rigid or extreme positions. While the Planning Commission itself often takes the initiative in suggesting new policies or programmes one of its main functions is to coordinate policies and programmes originating from other agencies of government. It seeks to perform this function through arranging a large number of consultations between various interested agencies and by making the fullest use of the knowledge and experience available with them for the purpose of formulation as well as evaluation of the plan. One notable achievement of the Indian Planning Commission is that it has developed the process of planning into a great cooperative endeavour and in this process conventions and informal understanding play no less an important role than formal legislation and orders.

The Planning Commission is essentially a staff agency, its main functions being advisory and coordinating rather than executive. It is a *via media* between an administrative department which is too closely involved in day-to-day problems and lacks the perspective and detachment which planning requires and a purely research institute which works too much in an ivory tower and is out of touch with the various political, economic and administrative problems, which must be taken fully into consideration if the Plan is to be realistic and effective. Free from day-to-day administrative and executive work, the Planning Commission is in a position to devote itself almost entirely to the formulation of the plan and evaluation of the progress achieved in the execution of each stage of the plan. At the same time, its composition and status in the government are such that it is in a position to maintain an effective liaison with the Central ministries and the governments of states.

### *Constitution of the Planning Commission*

The Planning Commission is a multi-member body and includes at present four part-time members, who are important cabinet ministers and

four full-time members who are eminent public men, administrators or technical experts. This multi-member composition of the Commission and the fact that its members are appointed on the basis of their eminence and competence and not on political considerations help it considerably in its coordinating work, gives it a national stature and makes its recommendations acceptable even to opposition parties.

Since its inception, the prime minister of India has been the chairman of the Planning Commission. This had added considerably to the prestige of the Commission and has helped it a great deal in its coordinating functions. The prime minister, however, attends only the most important meetings of the Commission and maintains a certain amount of detachment from its day-to-day work. This ensures that whenever any proposal made by the Commission comes before the cabinet for consideration, the prime minister is in a position to take an uncommitted view. The day-to-day work of the Commission is looked after by a deputy chairman. The present incumbent is also a cabinet minister in charge of planning, labour and employment. The other members of the Commission are Union ministers for finance and defence and four full-time members who have the rank of minister. The minister for finance is the member in charge of finance in the Commission in *ex officio* capacity while the present minister for Defence is a member only in his personal capacity. The honorary statistical adviser to the government also serves as a *de facto* member of the Planning Commission. The deputy chairman in his capacity as minister for planning is assisted in his work in Parliament by two deputy ministers. The secretary to the cabinet is also *ex officio* secretary to the Planning Commission.

The fact that the prime minister is the chairman of the Planning Commission and three cabinet ministers are its members and the cabinet secretary, who is the doyen of the country's civil service, is its secretary, ensures a very close liaison between the Planning Commission and the Central ministries. Besides, a convention has been established that whenever the Planning Commission considers any matter which directly concerns one or more ministries, representatives of those ministries are closely associated with its work. Similarly, important economic proposals made by the ministries are first considered in the Planning Commission before they are put up to the cabinet. By convention, those members of the Planning Commission, who are not members of the cabinet, are usually invited to attend the meetings of the cabinet and its sub-committees when any proposals relating to their respective fields of work are taken up for consideration.

The Commission has a collective responsibility and works as a collective body, but for convenience each member has been given charge of a group of subjects. While each member individually deals with the various technical and other problems pertaining to his allotted subjects, all impor-



tant cases involving policy and all cases where there is a difference of opinion between two members of the Commission are considered by the Commission as a whole.

### *Office of the Commission*

As has been mentioned earlier, the secretary to the cabinet is *ex officio* secretary to the Planning Commission and as such holds the overall administrative charge of the office of the Commission. Since the secretary to the cabinet is also the chairman of the committee of secretaries to the various ministries of the Government of India, this arrangement greatly helps in bringing about a close coordination between the Commission and the ministries. In view of the fact that the secretary of the Planning Commission is a part-time officer and his other duties take much of his time, he is assisted by an additional secretary who devotes his full time to the work of the Commission.

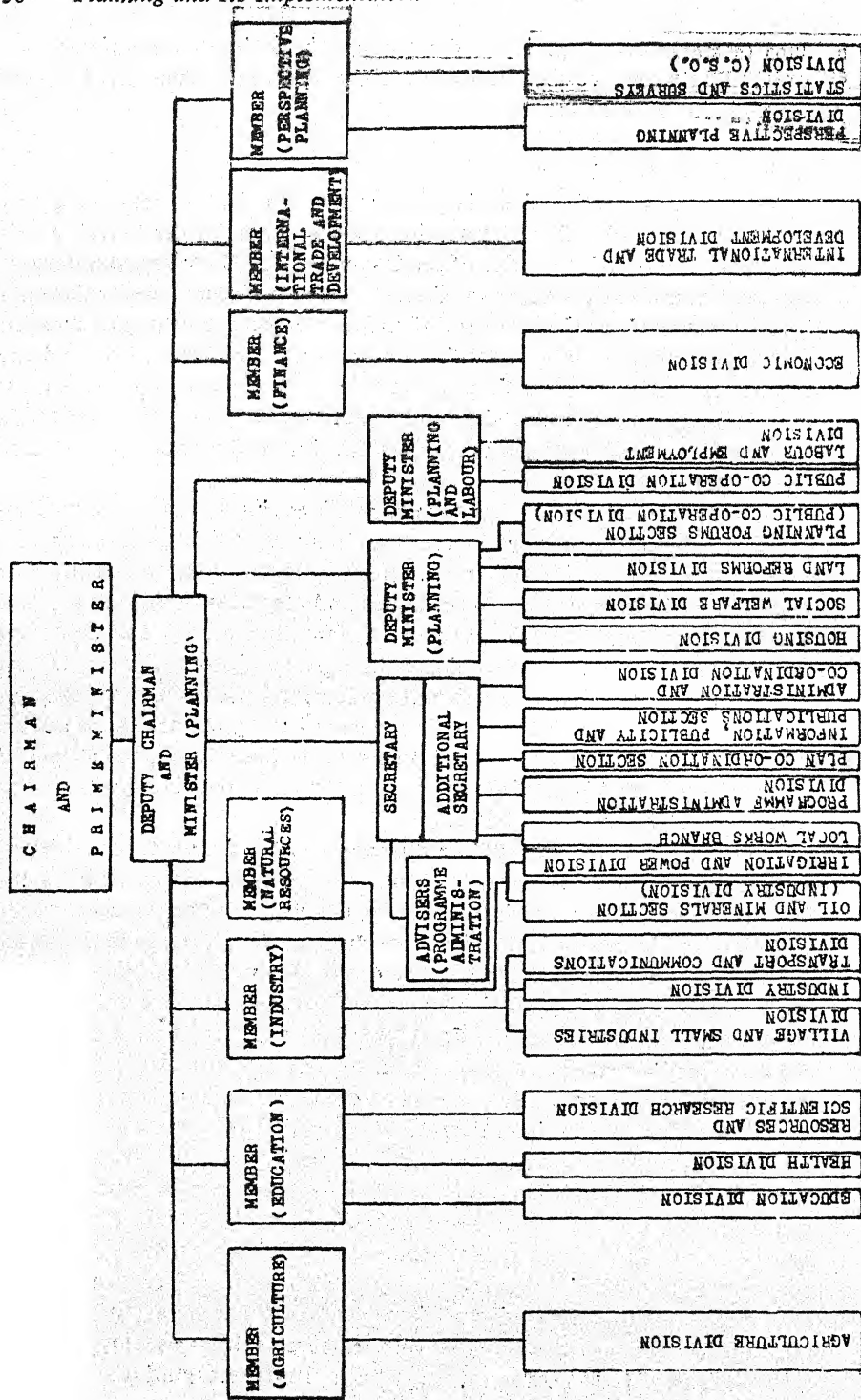
In addition, there are three senior officers known as advisers (Programme Administration), who have the status of *ex officio* additional secretary to the Government of India. These officers possess considerable experience of administration in the States and they help the Commission to keep in close touch with the progress of planning and its implementation in the States. Each of these officers has a group of States allotted to him and helps to maintain close liaison between the Central Government and the group of States with which he is concerned and gives necessary advice and guidance to the executive authorities at the State level and brings the difficulties and problems of the latter to the notice of the Planning Commission and ministries at the Centre.

The office of the Planning Commission consists of three types of branches, viz., (i) general branches, (ii) subject branches, and (iii) house keeping branches. The work in the first two types of branches is primarily technical and in the third administrative or secretarial. (Please see Chart II.)

The general branches either carry out studies related to the plan as a whole rather than to any particular sector of it or coordinate the work of the various subject branches. There are altogether 10 general branches in the Planning Commission, e.g., perspective planning, statistics and surveys, economic, plan coordination and programme administration, resources and scientific research, international trade and development, labour and employment, public cooperation and information and publicity. These branches are called divisions or sections depending upon their size which again depends upon their volume and nature of work. Ordinarily a large branch is called a division and its head is described as a chief. A relatively small branch is called a section and here a less senior officer is in charge; he is called a director. Chiefs and directors are ordinarily assisted by assistant chiefs. Each branch comprises some research staff like senior research officers, research officers and investigators and some secretariat staff. Out

CHART - II

## PLANNING COMMISSION





Of the ten general branches, the perspective planning division is responsible for the formulation of tentative projections and plans for a long period, say, 15 or 20 years, while the other branches primarily concern themselves with the work relating to the five-year or annual plans. One of the responsibilities of the programme administration division is to assist the advisers (Programme Administration) in their day-to-day work and also to organise annual plan discussions with the State Governments.

The subject branches are altogether 12 in number, *e.g.*, agriculture, community development and cooperation; local works; irrigation and power; oil and minerals; village and small industries; large-scale industries; transport and communications; education; health; housing and social welfare. The staffing pattern of these branches is more or less similar to those of the general branches. Some of the branches are grouped together under a senior officer of the rank of adviser or joint secretary. The subject branches of the Planning Commission maintain close contact with their counterparts in the various ministries and the State Governments and are responsible for correcting, processing and analysing all relevant information required for the formulation as well as evaluation of various policies and programmes included in the Plan. They also organise various research studies which are deemed necessary for the purpose of planning in their respective fields either on their own or through competent technical organisations in the country.

The main house keeping branches are administration, general coordination and organisation and methods. They are staffed mainly by administrative and secretariat personnel.

The staff of the Planning Commission at present comprise about a dozen administrators, 160 technical officers and a complement of secretarial, and other junior personnel. The senior positions in the general and subject branches are usually held by technical personnel. Bulk of them are economists or statisticians but there are also a number of physical scientists, agricultural experts, physicians, engineers, educationists, etc. The coordination work is usually done either by general administrators who have gathered considerable experience of planning and development work or by senior technicians who have acquired a wide knowledge of public affairs and general administrative competence. Since in a five year plan different strands have to be woven together into an 'organic whole' general coordinators are as essential as the subject specialists and as planning involves both management and technical operations, officers with administrative and technical competence are equally indispensable.

Bulk of the technical work is, however, done in the ministries and their attached offices and technical institutes. But their technical officers are used to looking at a problem from a limited sectoral angle only. Technical officers in the Planning Commission on the other hand have to examine the same matter from a broader national point of view. The close collabora-

tion of these two sets of officers in the work of planning is considered essential for ensuring that both the trees and the wood are equally taken care of.

### WORKING GROUPS

To make the best possible use of the technical knowledge and experience available in the ministries, many of whom have also set up planning cells of their own, the Planning Commission has found it advantageous to set up a number of working groups, comprising selected administrators, economists and technicians from the various Central ministries and divisions of the Planning Commission, as a means of coordinating the work of the ministries with its own in formulating plans for different sectors of the economy. For instance, in connection with the formulation of the Third Five Year Plan as many as 22 working groups were set up.\* Some of these working groups had a number of sub-groups; for instance, the working group on agriculture had as many as 20 sub-groups. A Steering Group on Industry, Transport and Power was also appointed, with the secretary, Planning Commission, as chairman, to coordinate the work of the concerned working groups and ministries. The working groups were appointed by the Planning Commission but the secretary of the ministry mainly concerned was appointed as Chairman, so as to ensure fullest cooperation between the ministries and the Planning Commission. The reports of these working groups formed the basic material for the formulation of the Plan.

The system of appointing a number of working groups at the stage of the formulation of a plan is a very important part of the Indian planning procedure. Theoretically, it is conceivable that a team of planning experts working all by themselves can formulate a plan which may be technically a very good job. But chances are that some very important administrative or social points may not be given due consideration by this small body of planning experts. The plan prepared by them may also suffer in the matter of acceptance as well as implementation because it would not give those who are to carry it out a sense of participation. There seems to be considerable merit in the practice evolved in India which seeks from the very beginning to associate with the planning exercise some of the people who are later to implement the plan through the system of working groups. This ensures that those who will implement the plan will not only have a sense of participation in the formulation of the plan and, therefore, more

\*Resources, exports and imports, agriculture, community development, cooperation, irrigation, power, steel, industrial machinery, fuel, fertilizers, mineral development, scientific research, technical education, general education, cultural affairs, health, employment, welfare of backward classes, social welfare, housing, and urban development and regional development.

enthusiasm for carrying it out but also a better understanding of the decisions taken and, therefore, a greater degree of efficiency in actual operation.

### ADVISORY BODIES

While the working groups, which comprise mainly the concerned officials in the Central ministries and the Planning Commission, are responsible for formulating the various programmes in detail, there is need in an economy of the size and complexity of India, to consult from time to time other knowledgeable people, especially non-official experts, at various stages of formulation as well as implementation of the plans in regard to general policy. It is again desirable to have these consultations at different levels—technical, administrative and political. This is important because such consultations elicit valuable advice and also help to secure for the plan a greater public understanding and give it a national character. This objective is sought to be achieved through a number of standing bodies, variously known as panels, advisory committees or consultative committees. Unlike the working groups which are appointed on *ad hoc* basis and work intensively for a period and prepare detailed programmes, these consultative bodies are usually of a standing nature, meet only twice or thrice a year and give their general advice on the policies and programmes referred to them.

At present, there exist altogether eight advisory panels, which comprise mainly of experts, *e.g.*, panels of economists and scientists, and panels on agriculture, land reforms, Ayurveda (an indigenous system of medicine), health, education and housing and regional development. The panels give general advice on the problems referred to them from time to time. In addition, there are three advisory committees: (i) advisory committee on irrigation, flood control and power projects, (ii) coordination committee for public cooperation, and (iii) national advisory committee on public cooperation. The functions of the first committee are to examine projects proposed by States, the Central ministries and other authorities, to satisfy itself that the schemes have been prepared after detailed investigation, that the estimates are complete and correct technically and that the financial forecasts and estimates of projects are based on accurate data and are reliable. The function of the second committee is limited to ensuring requisite coordination between the various Central ministries in regard to specific schemes of public cooperation included in the plan. The function of the third committee, which comprises representatives of various national voluntary organisations and is presided over by the chairman of the Planning Commission, is a more general one, namely, to advise and guide government in regard to measures for securing public cooperation and participation in all the fields of national development.

## CONSULTATIONS WITH MEMBERS OF PARLIAMENT

The most important advisory bodies, however, are : (i) consultative committee of members of parliament for the Planning Commission, and (ii) prime minister's informal consultative committee for planning. The first committee which is presided over by the minister of planning consists of about 30 members, 20 from the Lok Sabha (Lower House) and 10 from the Rajya Sabha (Upper House). But there is no rigidity about the strength of this committee or the composition of its membership, Housewise or partywise. The main object of this committee is to provide a forum for detailed discussions between members of Parliament and the members of the Planning Commission on the principles and problems of planning in a manner which is not practicable on the floor of Parliament. Discussions in this committee are very important inasmuch as they lead to a better understanding of the planning problems by the members of Parliament and enables the Planning Commission to take a careful note of their views. The second committee is a much smaller body and comprises representatives of the political groups in Parliament and is presided over by the prime minister himself. It gives an opportunity to the opposition leaders to take an intimate part in the work of planning and thus helps in making the plan something more than a document prepared merely by the government and in earning for it the cooperation of all important political parties.

## ASSOCIATED BODIES

It is obviously impossible for a single organisation to deal effectively and adequately with the multifarious aspects of national planning in a country like India. The Planning Commission has, therefore, to take continuous help from a number of associated bodies.

The most important associated bodies are, of course, the Central ministries. These ministries are closely associated with work of planning not only through the working groups, described earlier, but also through their various executive departments, research institutes and advisory committees, on many of which the Planning Commission itself is represented, and this facilitates a two-way traffic of ideas. In many cases, important policies and programmes originate in the ministries, the Planning Commission's main job being to fit them into the overall picture and to coordinate them with the programmes of other ministries.

Of all the ministries, the ministry of finance has naturally the closest relation with the Planning Commission as finance plays a most important role in any planning exercise. Not only is the minister for finance *ex officio* member in charge of finance in the Planning Commission, but the secretary of the ministry of finance is the chairman of the resources working group and the chief economic adviser to the ministry of finance is also *ex officio*

economic adviser to the Planning Commission. In addition, there is very close collaboration between the officers of the two organisations at different levels and in important meetings of the Planning Commission representatives of the ministry of finance are invited and *vice versa*.

Through its participation in the work of the industrial licensing committee, capital goods committee, foreign agreements committee and the development councils of the commerce and industry ministry, the Planning Commission is also enabled to maintain a close watch over the implementation of the industrial programme.

Apart from the Central ministries, there are two official organisations, e.g., the Reserve Bank of India and the central statistical organisation, which are closely associated with the work of the Planning Commission. There is an economics department in the Reserve Bank, which is in close touch with the work of the Planning Commission and undertakes a number of important studies on financial and banking matters for the Commission. The executive director of the Reserve Bank in charge of this department is a member of the working group on resources and panel of economists of the Planning Commission.

The central statistical organisation is responsible for organising the collection of all statistical data required for the purpose of planning. The Director of the Central statistical organisation is also the *ex officio* head of the statistics and surveys division of the Planning Commission. Good statistical data are no doubt important requisites for the formulation of a plan on scientific lines, it does not, however, follow that no planning can be undertaken until such data have been collected. When planning was started in India ten years ago, there were many gaps in statistics and yet it was possible to formulate a plan on the basis of whatever data were readily available. But the very formulation and successful implementation of a plan, however imperfect, yield further technical and economic data which make it possible to formulate the next plan on a more scientific basis. This process was, however, helped considerably by the central statistical organisation, keeping in view from the very beginning the need for the collection and compilation of the right kind of data.

## EVALUATION

One of the most important functions of the Planning Commission is to keep a watch over and evaluate the actual working of the various programmes and projects included in the plan. The members, advisers (programme administration) and other senior officers of the Planning Commission carry out special inspections and investigations from time to time with this object in view. There is a progress unit in the plan co-ordination section of the Planning Commission, which collects all key data about the progress of various programmes and projects and makes



them available in the form of reports and charts, for the information of members and senior officers of the Commission.

In addition, there are two special bodies: (i) committee on plan projects, and (ii) programme evaluation organisation, the main function of which is to evaluate various projects and programmes included in the plan. The minister for home affairs is the chairman of the Committee on Plan Projects and the deputy chairman of the Planning Commission, minister for finance, two chief ministers of the States nominated by the prime minister and the Union minister concerned with the project or class of projects under investigation are members. One of the most important functions of this committee is to set up teams for undertaking investigations and field inspections of important projects, both at the Centre and in the States. The programme evaluation organisation, though administratively linked to the Planning Commission, is for all practical purposes an independent organisation. It was originally set up for making a systematic and periodic assessment of the methods and results of the community development programmes. But its functions are now being extended to cover a number of other important programmes especially in the field of rural development. Its field staff act as the eyes and ears as it were of the Planning Commission in rural areas.

It is, however, the administrative departments at the Centre and the States which have the main responsibility for supervision of programmes and projects included in the plan ensuring that they are implemented efficiently and according to schedule. The Planning Commission takes care not to interfere with this responsibility and confines itself only to general appraisal made in close collaboration with the administrative departments concerned.

## RESEARCH

Planning involves intensive research in a number of technical, economic and social problems. So far as the technical programmes are concerned, necessary research is done in the various technical research institutes in the country. For undertaking research in economic, administrative and social problems related to planned development, the Planning Commission has set up a special organisation, namely, the research programmes committee. This committee, of which the deputy chairman of the Planning Commission is the chairman, comprises some of the most eminent social scientists in the country from different universities and research institutes. It invites research projects from interested research workers and also initiates projects of its own, gives necessary technical guidance and direction to the research workers and provides them with financial assistance.

Apart from the organisations mentioned above, there are three non-



official institutes, e.g., the Indian Statistical Institute, the National Council of Applied Economic Research, and the Institute of Economic Growth, which have been assisted by the Planning Commission in various ways and are closely associated with its socio-economic studies.

### *Planning in the Private Sector*

Since India has an economy in which the private sector has an important role to play, the Planning Commission makes it a point to consult the representatives of the organised industry in the private sector, both in the formulation and implementation stages of the plan. For instance in the course of the formulation of the Third Five Year Plan, the Planning Commission not only had detailed discussions with the representatives of the Federation of Indian Chambers of Commerce and Industry, the Associated Chambers of Commerce of India and the All India Manufacturers Organisation, but also met separately the representatives of 23 important private sector industries.\* The Planning Commission is also associated with the work of Development Councils, which have been set up by the Ministry of Commerce and Industry for certain important industries.† These councils comprise representatives of private sector enterprises, technicians and consumers, besides some official experts and provide very useful forums for consulting the private sector. An attempt is made to secure that the growth of the private sector enterprises is in the desired direction partly through these consultations and partly through the licensing, capital issue and fiscal policies as also the assistance and investment programmes of government.

### *Coordination with the States*

India has a Federal Constitution and it is very important that there should be the closest cooperation between the Planning Commission and the States. General coordination with the States is secured at the highest political level through the National Development Council which, as has been mentioned earlier, is composed of the prime minister of India, chief ministers of all the States and the members of the Planning Commission.

\*Cement, ferro-manganese and other ferro-alloys, glass, soap and synthetic detergents, rubber manufacture, ball and roller bearings, plywood, industrial gases and gas cylinders, cement machinery, electrical porcelain, paper, rayon and other synthetic fibres, cotton textiles, woollen textiles, plastic, vegetable oils and vanaspati, sugar, cotton textile machinery, machine tools, chemical and allied industries, iron and steel, automobile, coal.

†Heavy electricals, light electricals, internal combustion engines, bicycles, sewing machines and instruments, acids and fertilisers, alkalies and allied industries, drugs and pharmaceuticals, woollen textiles, art silk textiles, sugar, non-ferrous metals, machine tools and organic chemicals, food processing, automobiles, oils, soaps and paints, paper and pulp, leather and leather goods and pickers.

The ministers of the Central Government also participate in its deliberations and the Council makes its recommendations to the Central as well as State Governments.

#### NATIONAL DEVELOPMENT COUNCIL

The main functions of the National Development Council are :

- (i) to review the working of the National Plan from time to time;
- (ii) to consider important questions of social and economic policy affecting national development; and
- (iii) to recommend measures for the achievement of the aims and targets set out in the National Plan, including measures to secure the active participation and cooperation of the people, improve the efficiency of the administrative services, ensure the fullest development of the less advanced regions and sections of the community, and, through sacrifice borne equally by all citizens, build up resources for national development.

Like the Planning Commission, the National Development Council has no constitutional or statutory authority. But its very composition gives it an unique position and its recommendations are treated with the highest deference by the Central and the State Governments. The National Development Council has been largely responsible for giving the plan a truly national character and for ensuring uniformity of approach and unanimity in its working.

#### *Planning Machinery at the State Level*

At the State level there is no Planning Commission but there is a State planning department directly under the chief minister. This department is responsible for liaison with the Central Planning Commission and the various departments of the State, coordinating their programmes for development and formulating the development plan for the State as a whole. As in the case of the Central Planning Commission, the State Planning Department usually works through the system of working groups. The plan formulated by it is put first to the Council of Ministers of the State, then to a State Development Board or Planning Advisory Committee which usually comprise State ministers and important non-official representatives and finally to the State legislature. The suggestions made by the Planning Commission are generally kept in view; otherwise the procedure of planning at the State level is broadly similar to that at the Centre.

#### *Planning at District and Block Levels*

Below the State level an attempt is made to undertake planning at the

district and block levels. This is done jointly by the officers of the various development departments working at these respective levels and the members of the district councils or block councils and/or the non-official representatives. The District Collectors and Block Development Officers are responsible for necessary coordination at the district and block levels, respectively. At the stage of the formulation of the Second Plan, there was an attempt to build up plans from the block level upwards without first giving an indication to them of the resources likely to be available from outside. But these plans had to be later modified rather drastically so as to be adjusted within the financial magnitudes of the State Plans. For the Third Plan, therefore, most States have taken care to indicate to the district and block planning authorities a rough idea of the assistance that is likely to be available from outside before the latter formulated their plans.

#### *Planning at Village Level*

An attempt is being made to carry the process of planning further down to the village level and it has been also tried out in certain areas. But it has not yet become an integral part of the planning process in the country. It is hoped, however, that in the Third Plan period, village planning will be developed further and will become the basis for all rural development work. The village plan is to be prepared by the village panchayats (councils) and cooperatives with the help of the development and extension staff at the block and village levels.

### CONCLUSION

At first sight, the machinery that has been built up for planning in India over the last ten years may appear to be rather complex and diffused and based on an unduly time consuming consultative process as compared with the set-up in some other countries which are either smaller or have unitary form of government. But as has already been explained, the nature of the country and its economy has necessitated the development of a decentralised machinery of this kind in India. An essential feature of planning in India is its democratic character. The plan has to be prepared for the people and by the people. Though experts and administrators may help, it is essential that adequate opportunities should be given to the people to participate at various levels. Moreover, India has a Federal Constitution, where States have considerable autonomy. The planning machinery has, therefore, to be orientated to this structure. Some of the arrangements from the National Development Council down to the different committees and working groups reflect an attempt to facilitate extensive consultations between the various concerned organisations. In this decentralised machinery the Planning Commission provides the necessary

guidance as well as coordination, and serves as the necessary link between different constituent units. Moreover, one of its duties is to keep the organisation and method of planning under constant review with a view to simplifying and improving it as much as possible.

It is obvious that planning in a country like India must fall somewhere between broad economic policy making as is done by the departments of finance and economic affairs in the countries which do not have a planned economy and the very detailed planning of every aspect of national life by a Central planning agency as is done in some of the People's Republics. The Indian plan is essentially a framework plan. It lays down the main parameters and fixes the broad targets. Within these parameters and targets the various departments, enterprises and institutions, both at the Centre and in the States, in the districts and the blocks and in the public and private sectors, have considerable autonomy in programming as also in operations. In this system it is very important to take the public as also the officials at various levels into full confidence, determine the programmes in close consultation with them and have adequate arrangements for coordinating their various activities. In this situation the integrating function of the Indian Planning Commission would appear to be no less important than the originating part of its work. In considering the structure and organisation of the planning machinery in India especially of the Planning Commission, this point has to be carefully kept in view.

As the economy develops, the process of planning also becomes more and more technical and, therefore, there is a great need for strengthening the various technical institutions in the country as also the planning units in the various ministries, States and large enterprises. The ultimate picture of the planning organisation in the country would be a network of planning units in the villages and enterprises coordinated at successive higher levels by appropriate planning organisations, which will all ultimately feed the Planning Commission at the Centre. It will, no doubt, take quite some time before this stage is reached, but considerable progress has already been made towards it. □

# Multi-Level Planning and Local Government Structure\*

Deva Raj

IN THE formulation of the Fifth Five Year Plan, multi-level planning has been looked upon as the arch-stone for regional development strategies. Similar hopes of correcting regional imbalances were entertained through district planning and area planning in the earlier five year plans without success. Unless appropriate steps are taken to provide the necessary administrative and technical infrastructure and certain anomalies in the present planning processes—particularly at the local levels—are corrected, all the excellent work being done in Planning Commission may fail to yield any results.

Multi-level planning, to be a reality, stipulates certain basic factors such as:

1. identification of levels of planning with territorial, spatial and administrative jurisdictions;
2. a hierarchy of levels inter-related to a hierarchy of functions, in matters of planning and implementation;
3. a system of inter-level or inter-governmental relationships—technical, financial and administrative—including arrangements for reviewing and determining policies, programmes and priorities as well as providing an integrated framework for local, State and national plans;
4. viability of the local and the regional planning and executive units, agencies or levels of government for effective functioning and availability at each level of appropriate expertise for project formulation with necessary guidance and support from higher echelons; and
5. a basic commitment to an all-out local planning and development efforts with its attendant responsibilities of mobilisation of local resources and exploitation of local potential with such outside support as may be necessary to induce self-generating growth.

## PLANNING MACHINERY

Before analysing the administrative problems in multi-level planning, it will be desirable to have a quick look at the performance of the planning functions, particularly at the local levels. India has been a pioneer in national planning in the third world and the Planning Commission, with all its limitations, has been an outstanding institution, with a high degree of expertise. Its dominant character, however, combined with detailed schematic approaches had a stifling effect on the initiative of the States, which were themselves hardly equipped for any long-range exercise in planning. The pre-occupation of the Planning Commission with detailed sectoral planning also left some vital gaps in the planning mechanism at the Centre. There were at least three areas essential for multi-level planning, which did not receive adequate support:

1. In spite of recent solicitations, spatial planning has not yet found a berth in the Planning Commission and there has hardly been any expert group engaged in integrated rural-urban planning to link up socio-economic development with physical and natural resource planning. The continued omission of urban areas and urbanisation processes from the plans is an admitted fact and it is a measure of this unconcern that even the national malaria eradication programme did not recognise the existence of urban areas and it is urban malaria today that threatens to undo the tremendous achievements of this internationally prestigious programme.
2. There are problems of planning and development involving inter-State regions for harnessing resources, developing communications, building up the necessary infrastructure in larger national interests. There is need of a special organisation for the purpose in the Planning Commission.
3. A neglected field has been the development of administrative infrastructure to match the tasks of planning and implementation. The administrative organisation has been taken for granted and no attempt was made to build up and try out administrative models to meet the new challenges.

The State plans reflected less of policy planning than programme budgeting combined with strong pleas of backwardness with their eyes on maximising their share in Central assistance. It was not till 1963 that the States considered setting up of Planning Boards following a recommendation by the Planning Commission. However, these *ad hoc* bodies did not meet the requirement of an expert high level planning agency that could provide an integrated planning framework and necessary guidance and supervision to the field organisations in the districts. It was as late as



May, 1972, that the Planning Commission addressed a letter to the State Governments indicating broad lines of organisation of an apex planning agency with separate units for perspective planning, regional/district, project formulation, plan coordination and monitoring, plan information and evaluation. The additional expenditure involved in strengthening the planning apparatus was proposed to be shared between the Centre and the States.

### LOCAL PLANNING SCENE

It is, however, planning at the sub-State levels that is fundamental and crucial to the concept of multi-level planning. As one scans all the sectors at local level, one comes across a variety of isolated *ad hoc* planning efforts by various agencies with differing objectives. Some of these plans, their scope and perspectives are discussed below.

*District Plans* have been the foremost instruments of local planning, which are reflected, however, inadequately in State and national plans. It was 20 years ago, on the eve of the formulation of the Second Five Year Plan, that village, block and district plans were required to be prepared. Ever since, attempts have been made to make them more realistic but even at the time of the preparation of the Fourth Plan proposals most district plans were mere collection of felt needs of the people and demands for financial provisions in the State plans for allocation to districts. Many States did make an attempt to prepare analytical plans but it was a long way towards planning based on assessment of resource potential and development of local infrastructure that could sustain higher rates of growth. During 1968-69, the Planning Commission undertook an exercise for Karnal and Amritsar and developed guidelines for the preparation of district plans which were circulated to the State Governments, but it is realised that the necessary expertise for such integrated planning is hardly available at the district level.

Even these plans, as all their forerunners, can in no way be considered to be complete for the following reasons:

1. The district plans have been purely rural plans and totally ignore the existence of urban areas, and their growth processes;
2. These have been mostly sectoral programme plans without spatial dimensions, practically oblivious of physical planning. These hardly reflect an awareness of the existence of local planning authorities under town planning enactments in a number of States.

It would be utterly unrealistic to have any regional development plan without taking into account the interaction between these elements and the rural sectoral activities.

District planning, in fact, failed even to take note of urbanising processes within the panchayat raj areas leading to haphazard growth and land speculation, particularly in the periphery of municipal jurisdictions or at other growth points. Even the rural industrial estates were laid out without any integrated rural-urban spatial planning and no wonder they came to grief. Even the recent thinking in respect of development of growth centres and rural service towns is a case of isolated micro-level planning. Growth centres and growth poles represent an interrelated hierarchy, requiring integrated landuse and communication planning.

Towards city and metropolitan planning a provision for the "preparation of detailed Master Plans for urban and regional development" was made in the Third Five Year Plan under the growing strain of urbanisation. A hundred per cent central assistance was given through the Town & Country Planning Organisation of the Government of India, for planning of metropolitan cities, State capitals, port towns and industrial centres. About 72 cities and towns were covered during this plan period and it was proposed under the Fourth Plan to cover all cities and towns with a population of 50,000 and above, although the programme was transferred to the State sector. In sharp contrast to district plans, these urban area plans are largely physical, landuse and communication plans for cities together with a minimum of the peripheral areas being backed by town planning laws in some of the States. A number of plans for major cities embrace somewhat wider metropolitan area within the district, such as Master Plans for Bangalore, Hyderabad, Cochin, Ahmedabad, Poona, Nagpur, Kanpur, etc. The recent plan for metropolitan Bombay, the plan for the Calcutta metropolitan district covering about 36 municipal areas along with some rural districts and the Master Plan of Delhi have, however, the character of regional plans crossing district limits. In the case of Delhi, the National Capital Region presents the problems of an inter-State urban complex. Another type of a plan prepared under the scheme covering a mixed rural-urban area has been the Asansol Regional Plan, including the Durgapur industrial area, which was developed as a counter-magnet to Calcutta. Sometimes, these plans are drawn up by temporary statutory boards, while mostly the exercise is carried out by the State town planning directorates without much involvement of the local municipal authorities.

It would be pertinent to remark here that these physical plans do not bear any relationship with economic plans and in spite of the intention of the Third Plan to bring at least cities of 1,00,000, over into the national planning process, it has not been possible to integrate these physical plans with the district or State plans. Another serious handicap from which all urban plans have suffered is that with minor exceptions, they are not backed by an overall administrative machinery for implementation or legal powers of enforcement. The Calcutta Metropolitan Development Authority (CMDA), set up only towards the end of 1970, is but a halting attempt

to provide a coordinating mechanism. In Bombay, the City and Industrial Development Organisation (CIDCO) is an *ad hoc* device to undertake the Twin City Project within the framework of the larger metropolitan regional plan. Delhi is an exception in many ways insofar as the entire Union territory is within the Master Plan area making for some integration between the urban and rural plans but plagued by a multiplicity of authorities. Nor could any satisfactory arrangements be evolved for dealing with problems of development in the parts of the National Capital Region that lie in the adjoining States.

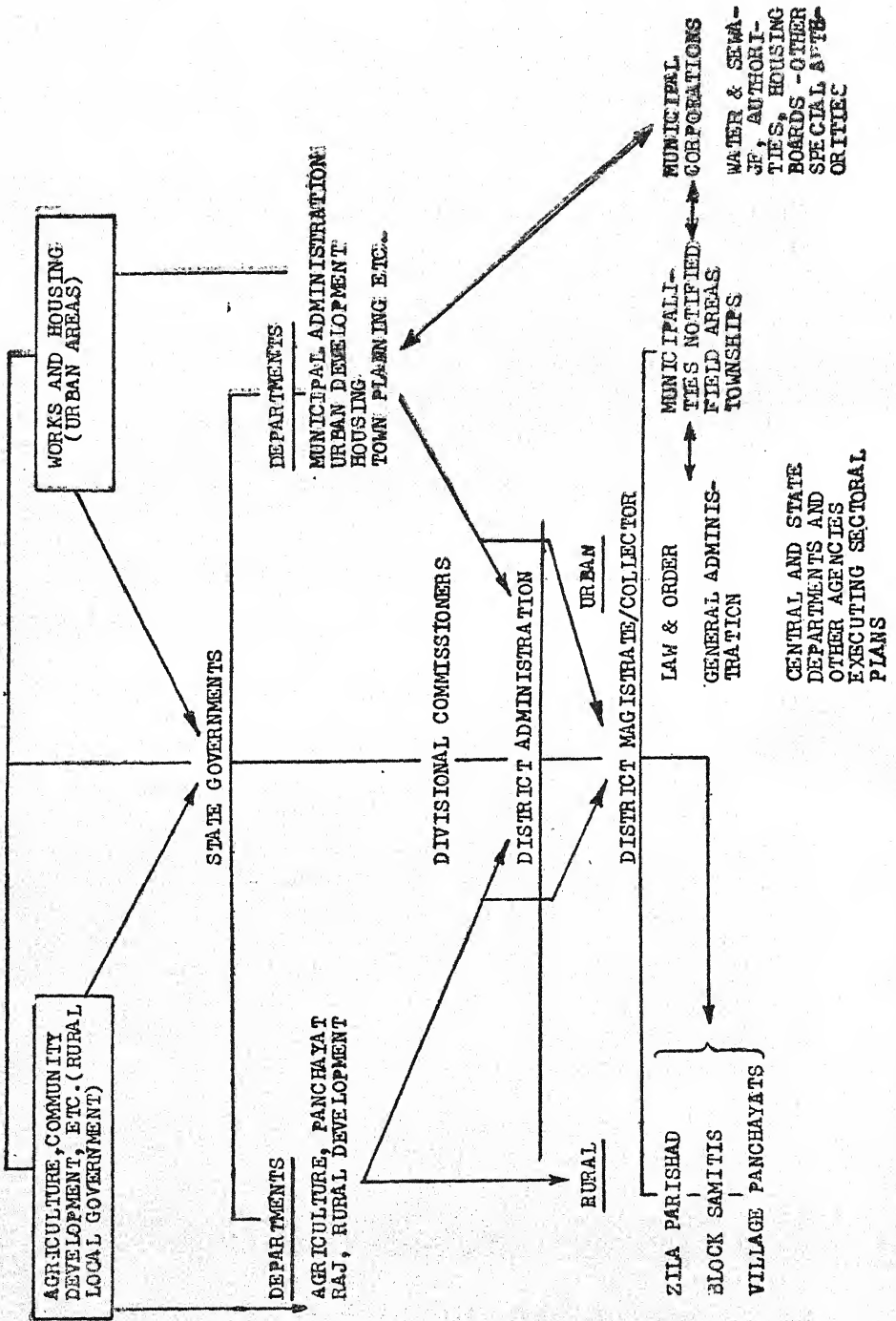
There are also programme plans of a number of Central and State agencies which are being executed in a city or its peripheral areas or elsewhere often without reference to the city master plans, if any. These may include State Housing Boards, Electricity Boards, Industrial Development Corporations, and various departments dealing with water-supply and drainage, communications, trade and commerce, agriculture and industry, and social services. This has created far-reaching problems of coordination, duplication and often wastage of resources, too often decried and too well known to be enumerated here.

#### FRAGMENTATION OF DISTRICT ADMINISTRATION

This brief survey presents a confused picture of multiplicity of plans with varying objectives, often overlapping or working at cross purposes with no organisation for a coordinated approach to the problems of the district—to say nothing of integrated planning and development. Multi-level planning at the crucial level of the district calls for an overall planning and development authority. Instead, we have the administration in the district hopelessly bifurcated and fragmented with decision-making and accountability scattered between various local statutory and administrative agencies, subject to checks and controls exercised horizontally and vertically. In the early years of the century, local district administration was unified under the collector and district magistrate with lines of control running through the provincial governments to the Centre—leaving, nevertheless, wide authority and decision-making in local matters to the district officer. The vast changes that have since come about on the political and developmental fronts have culminated in a pattern shown in Chart I.

It is clear from the organisation chart that district administration, instead of being looked upon as local government as a whole, is a queer admixture of State departments and their field institutions and a host of not so important statutory local bodies as concessions to democracy and local self-government, which can be terminated at the will of the bureaucracy or the political bosses at the State level. Alternatively, some important local developmental tasks are entrusted to not-so-democratic, special

Chart I  
GOVERNMENT OF INDIA  
MINISTRIES



purpose agencies—starting a vicious circle of weak truncated and inefficient local government. What authority, under the circumstances, can undertake integrated local level planning and how? And what departments and ministries at the State and Central level are to provide the necessary guidance and support? In most States, at least the urban sector of local government is split into two or three departments, dealing separately with municipal administration, town planning and housing and water supply and drainage. Even at the Centre, it was only in February 1973 that all these aspects of urban local government were brought under one ministry—that of works and housing. Rural local government has been under a separate ministry at the Centre since 1958-59.

The picture would be somewhat different in Maharashtra, where Zila Parishads have come to constitute a level of government bringing under its canopy all the development departments at the district level, or where the district collector has been relieved of developmental responsibilities, and a separate senior officer has been entrusted with these responsibilities. To that extent, there has been a distinct improvement in the capacity and effective functioning of local district governments. Nevertheless, the compartmentalisation between rural and urban governments in the district continues and whatever plans are drawn up are rural sectoral plans without any spatial perspective. This is district government minus the urban areas.

#### ADMINISTRATIVE INFRASTRUCTURE FOR PLANNING

Under the circumstances, multi-level planning is a far cry. It must only continue to be planning from above in spite of all protestations to the contrary. The organisation of local and regional planning and development agencies at the sub-State level is a pre-condition of any approach to multi-level planning. This will require identification of viable areas under unified administrations which could ensure effective organisation of productive and social activities and appropriate institutional frames with due regard to socio-economic and geographical factors. They must have the necessary capabilities for data collection, processing and analysis of information to work out probable alternatives and priorities for the most effective utilisation of scarce resources. That they will require higher level support and guidance is conceded, but some basic expertise must be provided by proper redistribution of available talent.

#### *District as Local Planning Unit*

The existing boundaries of districts and the wide variation in their area and population have come in for considerable criticism. Sometimes district boundaries cut across physico-agronomic regions; it is an expert's view that a district is not the most appropriate planning region as it often does

not represent homogeneity or possess the attributes of an internally viable entity. That the area and jurisdiction of districts will bear some considerable adjustments cannot be denied. On the other hand, the district has, because of its strong administrative identity, asserted itself as the basic unit for economic and sectoral planning as well as plan implementation. Moreover, if the district is to yield place to scientifically demarcated regions or sub-regions, it would be necessary to reorganise the entire administrative and institutional structure and it will raise a number of political issues and other problems of territorial orientation and adjustment of records. While the adjustment of district boundaries may remain a long-term objective, the odds are overwhelmingly in favour of the district being adopted as the basic unit of local-level planning and implementation. This will, of course, require an overall district level authority for integrated planning for both rural and urban areas.

### *Metropolitan Regions*

There will still be some highly urbanised areas of inter-district dimensions or covering the major part of a district. This will need demarcation of Metropolitan Regions of which there may be about a dozen in the country.

### *Sub-State Regions*

While district reorganisation can be deferred, it is necessary to identify and demarcate regional areas at the sub-State level. In most cases, a combination of districts would make a region, and would also help to overcome the inadequacies of district as a unit of planning. The Commissioner's divisions as well as the Superintending Engineer circles have been there with us, although without the necessary administrative frame that could enable them to play a broader role in planning and development. It should not be difficult at all to work out a regrouping of districts with common characteristics and area problems and set up a planning and development machinery at that level and even clothe it with certain authority and power.

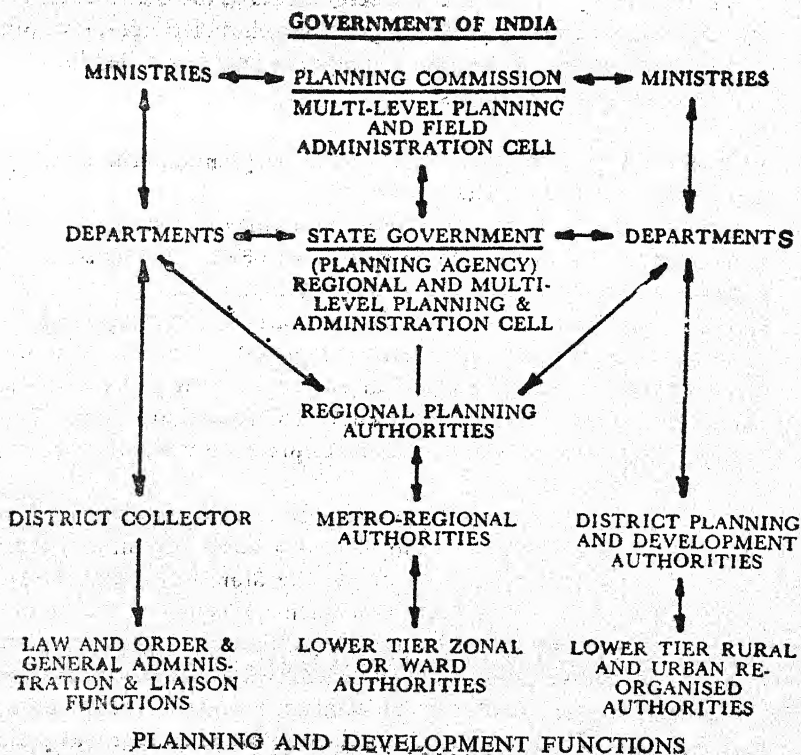
It may be mentioned in this connection that most countries have undertaken a regrouping of their traditional local areas. In France, for instance, about 89 departments (more or less corresponding to our territorial districts) have been regrouped for purposes of planning in 21 regions with one of the prefects (the administrative head of the department), functioning as the regional prefect having a special supporting technical team, as well as the deliberative body known as the Commission de Développement Economique Région (CODER). It is true that the administrative structure of these 'regions' is still evolving, but it is significant that even in France, where the departments as local units of administration have survived many a revolution, it has been found necessary to give them a regional perspec-



tive to meet the challenges of growth and development, due to the widening range of governmental activity and the change in the scale of operations due to technological advancements. Similarly, the Local Government Act of 1972 in UK divides the entire country into 6 predominantly urban metropolitan countries with second tier authorities and 38 countries with lower level rural and urban units of appropriate size.

There is no reason why we should not approach this question of identifying district groupings and set them up as regional units for planning tasks and for coordinating and guiding programme implementation at the district or city levels. The *Perspective Plan of Gujarat 1974-84* (Vol. III) suggests six possible regions. It may be that in the smaller States, with a few districts, the State level organisation may be in a position to function as both the State and regional level organisation because of sheer size. But most of the major States will find it convenient to undertake this exercise of identifying groups of districts which are : (a) administratively feasible and manageable, (b) economically viable, and (c) have a hierarchy of settlements and technical and financial institutions, necessary for a self-generating effort.

Chart II



Needless to say that such a regional set-up will require strong support from the States and the Centre, which should have separate expert Regional and Multi-level Planning and Development Cells to demarcate the regions and to lend technical and administrative support to the field organisations. In this regard the diagrammatic model is put forward as a basis for debate and detailed analysis (Chart II.)

### CONCLUSION

The discussion can be briefly summed up as follows :

1. The existing district units should, apart from any possible boundary adjustments, be oriented in the following respects :
  - (a) They should become apex units for both rural and urban authorities and their plans should cover both rural and urban areas;
  - (b) The plans should be based on a physical spatial plan, interlinking the rural and urban areas for a balanced development of infrastructure in relation to identified growth points and the hierarchy of rural and urban settlements in the district ; and
  - (c) All other agencies and organisations should function within the framework of the plan so prepared and dovetailed into the state and national plans.

This will obviously require a much stronger planning and development authority at the District level.

2. Apart from the district units, there are in some of the States dominant metropolitan areas, which will have to be treated as separate urban sub-regional planning and development units.
3. In the larger States, these basic district units and metropolitan regions may be grouped into suitable regional units which should have a technical supporting team for coordinating physical and economic plans within the framework of a broad State Plan. This regional authority may also undertake programmes and works of an inter-district nature.
4. Grouping of districts cannot, however, be an arbitrary matter. The State Planning Departments should have a inter-disciplinary team including physical planners to divide the State into adjacent administrative units having internal problems of such a character and scale that they need to be brought together as a region for planning and development. The adequacy and viability of the area from the point of developmental administration will also have to be taken into account. The State Plans can then be based on regional plans

and the programmes of the respective State departments will need channelling through the regional, district and metropolitan authorities except in the larger spheres of technical and financial support and studies and research.

5. At the Centre, the Planning Commission's Multi-level Planning Cell must not only attune itself to lend support for developing appropriate techniques but should concern itself with the planning of inter-State regions and national infrastructure, particularly in matters of Water Management and Communications, in the context of resource regions cutting across State boundaries and ensure necessary allocation of funds for such purposes on a priority basis.

In the end, it must be emphasised that we have too long been pre-occupied with administrative reforms at the top. It is, however, the reorganisation and strengthening of local government and field administration that is looked upon around the world as providing the necessary balance between centralisation and the compelling need of decentralisation of power to lower echelons of government. The superstructure of the State and Central Government can only be raised on sound foundations of local and regional authorities encouraged and equipped to shoulder the field responsibilities. The field administration has received little attention and is being steadily denuded of capable managerial and technical talent. Realistic planning and effective implementation depends on sound and viable local government structure which at once needs smaller and larger units reconciling democratic aspirations with a strong executive to carry out programmes and policies. □

# The District as a Planning Unit: Style and Locus\*

Rakesh Hooja

ALL PLANNING is based on information. Centralised planning without reference to the constituent parts only results in paper plans far removed from reality. The plan formulating decision-centre is thus not the key structure in the planning process; equally important are data collectors, transmitters, 'gate-keeping' information sifters, memory-banks, receptors, and the like (all of which may be considered as minor decision-making centres). Further, with both the work of government, and complexity of life, having vastly increased in the twentieth century and the ensuing need for expert specialisation, it has become very difficult for a single decision-centre to cope with all the problems of plan-formulation on a national scale. This problem is naturally accentuated in a large country with a huge population. Therefore, it becomes necessary for advisory-centres or/and parallel decision-centres (with specified sectoral or areal jurisdictions) to evolve so that the planning machinery may prove adequate. Thus a multi-level approach to planning (with greater say in the hands of decision-centres at various levels) is beginning to be considered more and more suitable.

In India, with its federal structure and commitment to democratic decentralisation, the advisory-centres were to be found not only in the national capital but also at the state levels (where State Planning Departments functioned as information sifters, memory banks, transmitters and—to some extent—parallel decision-centres, because the planning process was broken up into both sectoral and areal parts (so that information could be handled and processed adequately) with extensions in panchayat bodies.

Recently, the scope of the State Planning Departments has been broadened by the decision of various State Governments to set up State Planning Boards on the lines of the Planning Commission.<sup>1</sup> It was but natural for lower level sectoral and areal units of planning to simultaneously gain in

\*From *Indian Journal of Public Administration*, Vol. XIX, No. 3, 1973, pp. 393-406.

<sup>1</sup>For detailed arguments in favour of stronger, more important, State level planning bodies see, "Planning Commissions at the State Level in India—Some Reflections on Problems and Prospects", *Journal of the National Academy of Administration*, Vol. XVII, No. 3, Autumn 1972.

significance<sup>2</sup> (due to reasons of administrative convenience), even if the plan-formulation decisions continue to be taken at the higher levels and the lower levels remain more implementational as well as data-collection and transmitting units. Hence we find that the adoption of the multi-level planning framework in India has led to the formation of, among others, national, State, district, command area, and city plans.

It is with the sub-state-level units, especially the district and the economic area, that this article is chiefly concerned.

## II

Starting with the establishment of 'Sirdars' (or 'Sircars'), each under an 'Amil' or 'Amalguzar' in Moghul times, the revenue district has gradually emerged as the basic administrative unit in India. So much so that the collector has become the key figure in Indian administration. It was, therefore, but natural that when independent India went in for planning, panchayati raj and community development, it decided to base all the three on the district. While the panchayat structure was always district-based, district planning (as opposed to the district-wise implementation of national plans) took some time to gain currency. Originally, panchayat institutions at the district and lower levels used to be asked to make suggestions before a plan was formed, and, after the finalisation of the plan, resources were forwarded for utilisation to the districts for whom department-wise targets had already been set. But now, with the setting up of State and District Planning Boards, under the guidance of economists, the nature of district planning is undergoing a welcome change.

I intend to discuss in the following pages, the district planning process, as it previously existed, and shall attempt a critique of the present views on the subject. I also intend to question the validity of persisting with historical areal entities (the districts) as basic, units of planning. Wouldn't it have been more appropriate to establish new, and, from the planning perspective, more viable administrative units, that is, wouldn't it be more appropriate to reorganise the districts now that planning and developmental activities have become as important as, if not more than, revenue collection and the maintenance of law and order?

## III

Y. Raghavaiah<sup>3</sup> feels that the most suitable areal unit for the coordina-

<sup>2</sup>For an example of the case for sub-State-level areal Planning units, see *Draft Fifth Five Year Plan 1974-79, Rajasthan*, Jaipur, Planning Department, Government of Rajasthan, 1973, section on "The Planning Machinery".

<sup>3</sup>Y. Raghavaiah, "District Planning and Development Administration—A Case for Unified and Integrated Approach", *The Indian Journal of Public Administration*, Vol. XIII, No. 4 (October-December, 1967).



tion of developmental and planning activities is the district and goes on to list numerous reasons for his assertion. With an average population of a million (Raghavaiah's figures) and an area of about 4,000 square miles, such a unit is large enough for planning purposes. It has a settled pattern of administration with a high degree of internal consistency and well established administrative inter-relationships. This, and the long history of district administration, have ensured that the citizens' awareness of administrative processes in a district is adequate (implying that a new administrative or planning unit would need major reorientation as regards mass knowledge and awareness of new administrative procedures). Similarly, people living in an established district have a sense of belonging to that one entity—a community of feeling that takes years to build up. The new centres of political decision-making, the panchayati raj organisations, are also district-based, as are several federal, state and quasi-governmental agencies, which set up area or sub-area headquarters in the district town. It would be easier for the few agencies which follow different areal zones to switch to a district-based system than for the opposite to be accomplished. The only alternative (according to Raghavaiah) to retaining the district as the unit, would be a regional body consisting of several districts and this would not only be unwieldy, but also tend to go against the economic, social and political identity-consciousness and feeling of oneness and solidarity of the people. And, lastly, since the district already exists as an administrative unit, to take up planning at the district level would mean that the evaluation of the overall impact on the people of the *total* administrative effort in the area would become easier.

However, on the other hand, we find economists emphasising the need to adopt 'mandi areas', or 'economic regions' as the basis of planning. Increased urbanisation has necessitated the evolution of concepts like 'city-feeder regions', 'satellite townships', and 'National Capital Region', thus indicating that towns, with their contiguous, complimentary regions, or the 'city area' may be a more relevant unit for planning. Town planners, who are currently busy preparing Master Plans of the more important urban centres, certainly tend to look upon the city and surrounding areas as a more important unit than the district.

As Nath says, the principal units of administration for planning are the Centre, State, district, block and the village and administrative and institutional arrangements exist at these unit-levels for formulation and execution of plans, and for association of popular leaders in planning. *However they are not adequate for all planning purposes and have to be supplemented by other regions for some purposes of planning, and may even have to be replaced for other purposes.*<sup>4</sup> Shri Nath mentions the river-valley system as a

<sup>4</sup>V. Nath, "Regions for Planning", *The Indian Journal of Public Administration*, Vol. XII, No. 1 (January-March, 1966).



unit for the planning of the utilisation of water resources, socio-cultural regions and economic areas (following the definition of August Losch, *The Nature of Economic Regions*) as examples and suggests the following three sets of parallel and, perhaps, overlapping regions to facilitate planning: administrative regions, resource development regions, and metropolitan regions.

I would like to suggest, not proliferation of parallel units of planning, but redrawing of some district boundaries on the basis of geographic, socio-economic and similar criteria, so that we in India can enjoy the best of both worlds. It is definitely not necessary for us to continue with units formed due to chance or the accidents of history if they do not coincide with our developmental needs. We could thus retain the advantages of district administrative set-up, while we gain from the formation of viable planning units.

More on this later. Let me digress a bit and move on to an analysis of district planning in practice.

#### IV

I shall first deal with the form in which it was originally introduced and then move on to the 'new' district planning approach being envisaged by economists today.

The introduction of panchayati raj, increased efforts at involving the masses and small communities in the mainstream of the political system, as well as the recognition of the value of increased local flexibility led to the call, originally sounded at the time of the First Five Year Plan, for decentralised grassroots planning.<sup>5</sup>

Thus, in the Third and Fourth Plans, district panchayati raj institutions were involved in the planning process.<sup>6</sup>

Panchayat bodies had already been given charge of all community development scheme funds. In addition, a large number of schemes which are being executed by various government departments are 'transferred' to the

<sup>5</sup>For a discussion of the various rationales of decentralisation, see P.R. Dubhashi, "Decentralization, Planning and Public Administration", *The Indian Journal of Public Administration*, Vol. XII, No. 1 (Jan.-March, 1966).

<sup>6</sup>See M.Y. Ghorpade, "Centre, States and Panchayats: The Planning Process", *Economic Weekly*, July 1964. The process as witnessed in Rajasthan is described, for the Third Plan, by: (1) D.K. Saxena: "Planning from Below in Rajasthan", *Political Science Review*, Vol. I, No. 2 (Oct., 1962), and (2) Yoginder K. Alagh, "Formulation of a State Plan—Rajasthan—A Case Study", *Economic Weekly*, July 7, 1962; and, for the Fourth Plan by P.C. Mathur, "Multi-Level Planning in Rajasthan—A Study of the Formation of the Fourth Plan in Jaipur District, *Voluntary Action*, Vol. VII, No. 4 (July-Aug. 1966). Also see, M.V. Mathur and Iqbal Narain (eds.), *Panchayati Raj, Planning and Democracy*, Bombay, Asia Publishing House, 1969, especially 'Introduction' and the section on 'Panchayati Raj and Planning'.

panchayat samitis, which also receive the necessary financial assistance in the form of grants, grants-in-aid, loans and subsidies. Thus, at the beginning of 1959, developmental functions had been transferred to the panchayats, the collector becoming a mere coordinator.<sup>7</sup>

The practice adopted for purposes of district plan formulation was that the various State-level heads of departments would, under the supervision of the State Planning Department and in conformity with the Approach Paper to the Plan, draw up a list of the funds available (for district) under various 'departmental heads', as well as a list of the schemes and projects (situated or proposed in that district) under the jurisdiction of the various departments.

These lists were sent to all collectors, zila parishad secretaries and vikas adhikaris (BDOs). The vikas adhikaris were to communicate this information to the panchayat samitis. Then the panchayat samitis, with the assistance of the vikas adhikaris, samiti or block (Vikas Khand) were to formulate plans on the basis of the information received. These plans were to be in three parts: (1) in respect to schemes transferred to the panchayat samitis, (2) in respect to schemes not transferred to the samitis (where the Samiti could only make suggestions), and (3) in respect to schemes to be undertaken independently by the samiti without any assistance from the State Government (which were seldom taken up due to the reluctance of the local bodies to raise their own resources through taxes). These plans were to be discussed and finalised at gram sabha and panchayat samiti meetings and, after the final approval of the samiti, forwarded to the secretary, zila parishad (who was also the deputy district development officer or the vikas adhikari).

The secretary, zila parishad, with the help of the district statistical officer, was to compile the various samiti plans into a district plan which would be discussed at a meeting of the zila parishad (which was to be attended, in addition to its ordinary members, by senior departmental officials) before transmission to the various heads of departments.

The collector (in his capacity as district development officer) was specially instructed to supervise the formulation of the samiti and district plans, as also to supervise their implementation later (the collector is also chairman of the zila parishad in some instance). Similarly, various heads of departments were asked not only to supply the samitis with statements of schemes already undertaken as well as envisaged and of the funds available for the purpose but also to instruct subordinate officials to guide and co-operate with the samitis and zila parishads in preparation of local plans. The zila parishad approved plans were to be forwarded by the district development officers (DDO) to the heads of departments, who scrutinised them,

<sup>7</sup>Also refer to Iqbal Narain: "Development Administration Under Panchayati Raj—The Rajasthan Experience", *The Indian Journal of Public Administration*, Vol. XIV, No. 1 (Jan.-March), 1968.

consolidated the proposals, added their own comments and proposals, and forwarded them on to the state planning department, which, after processing, submitted the State plan proposals to the Planning Commission.

Later on, after the national plan had been finalised, various district and samiti targets were to be transmitted by the concerned state-level departments (who would learn of them through the state planning department) to the local authorities, who, under the supervision of the DDO and deputy district development officer (DDDO) were charged with the implementation of schemes and fulfilling of targets. Such an exercise was undertaken once in five years on a crash-campaign basis.

A number of problems immediately came to light in the application of this method of plan formulation. The heads of departments sent in their information about tentative physical and financial targets to the samitis late. After that, vikas adhikaris and other officials at the block level faithfully adhered to the suggestions and instructions received from various departments, as they hurriedly patched together samiti plans. (While two meetings of the panchayat samiti were supposed to be held; one to approve a draft plan for circulation among the gram sabhas and the other to subsequently finalise the plan, only one meeting could normally be held due to lack of time). In fact, it was found that pramukhs, pradhans and non-official members of the panchayati raj institutions were rarely consulted<sup>8</sup> and suggestions made by the heads of departments dutifully incorporated into the samiti plans by the BDO and other extension staff. The transfer of some vikas adhikaris during the plan formulation stage also affected, detrimentally, the process, for it was found that most panchayati raj non-officials were apathetic and indifferent<sup>9</sup> since they knew that the plans had already been prepared and their views would not amount to much, and thus, freedom would be given fully to the BDOs. In any case, panchayati raj non-officials were more interested in setting forth demands expressing felt-needs and in making proposals that would gain them popularity and votes, and such proposals were neither desirable, nor feasible considering financial and other guidelines set before the samitis.<sup>10</sup>

<sup>8</sup>A slightly better view of it is set forth by C.P. Bhambhri in "Official Non-official Relationship in Panchayati Raj", *Indian Journal of Political Science*, Vol. XXVIII, No. 3 (July-Sept. 1967).

<sup>9</sup>P.C. Mathur, *op. cit.*

<sup>10</sup>Summing up his analysis of the formulation of the (Fourth Plan) Jaipur District Plan in 1966, P.C. Mathur, *op. cit.*, has highlighted the following eleven points: (summary mine).

(i) The experience gained during the Third Plan formulation was not put to use and thus *ad hoc* coordination of the plans formulated at various levels had to be resorted to, putting great pressure on the local bodies. A plan coordination and formulation procedure should have been established previously.

(Continued on next page)

This also leads to the question as to whether grassroots political (elected) figures should be entrusted with formulation. For they are liable to attempt and use the plan formulation meetings as a forum for expressing their felt needs and for the transmitting of demands to the government, thus converting the plan into a mere list of demands as perceived from a narrow local perspective. This failing, they are liable to passively accept whatever proposal is set before them even when the needs of the sub-area are being overlooked. In any case, neither panchayat politicians nor local bureaucrats are adequately qualified to undertake a real exercise in planning and, therefore, local plans have so far tended to be mere financial statements and lists of targets, all based upon instructions and suggestions received from the heads of departments.

Another question that arises is whether the preparation of statements of funds available and targets being set is all that planning is supposed to involve. Should not the locating of industries, houses, commercial and cultural centres, providing of civic supplies, building of roads, planning of specific education and employment opportunities, etc., all be a part of the district plan? Can such comprehensive district plans (something like the master city and town plans but much broader in scope) be prepared by panchayat samitis and (transferable) vikas adhikaris? Or should a separate, well qualified district planning officer be stationed, either permanently, or for long periods, in each district for this purpose? (Such an officer would

*(Continued from previous page)*

- (ii) This *ad hocism* meant that some departments could not even transmit detailed physical targets and financial allocations to the samitis since even their overall quota in the State Plan had not been determined in time.
- (iii) All detailed instructions about plan preparation were sent to administrative officers after formally consulting only the panchayati raj non-officials and that too after the plans had been prepared.
- (iv) Some state departments circulated such a detailed set of physical and financial targets that no samiti could deviate from them without up-setting all state-wide allocations.
- (v) Block officials, samiti and parishad members all tended to look upon 'approving' the plan as a necessary 'ritual'.
- (vi) The consolidation of samiti plans at the district level was done with a view to conforming to district targets set by the various departments.
- (vii) The district plan consisted only of 'transferred' schemes with the Samitis. No effort was made to include the schemes to be run by the municipalities in the towns of the district.
- (viii) No detailed economic analysis of priorities and the pattern of financing or of the sources of local contributions was made in the district plan.
- (ix) The team of district-level officers, while taking a keen interest in the planning operation, did not attempt to exercise their own initiative and discretion.
- (x) All modifications suggested at the local levels were ignored or eliminated at the district or higher level.
- (xi) After the plan had been framed, most officials who participated in its making, tended to file away the final documents, and perhaps even to forget its provisions until prodded from above.

have to be attached to the collector's office and have the same coordinating powers as the collector. He could perhaps be a member of the Indian Economic or Administrative Service.)

In this context, I would also like to suggest the replacing of economic planning by complete societal planning (so as to lead to economic growth, social change as also political development) with all aspects of life in the district figuring in the plan. Here, I might caution that I am not advocating centralised control, on totalitarian lines, of human life. A societal plan, as envisaged by me, could be in two parts: one implementable and/or enforceable by the government, and the other in the form of suggestions for the people.

Another major problem that arose in district planning during the Third and Fourth Plans was the fact that various departmental officers in the districts are jealous of their rights and powers and tend to look only to their heads of departments for instructions thus, making the collector's coordination task more difficult,<sup>11</sup> and also ensuring that the district plan is formed in segmented parts on a departmental basis. It is a welcome trend that the collector's coordinating role is being strengthened, making coordination between various district departmental officers easier and thus making possible the formulation of a fully integrated district plan.<sup>12</sup>

## V

Let me now turn to the newer approaches of economists to district planning.<sup>13</sup>

It is generally recognised that the district is essentially a local administrative unit and need not have homogeneous economic features. Hence, it

<sup>11</sup>See Haridwar Rai, "Coordination of Development Programmes at the District Level with Special Reference to Role of District Officer in Bihar", *The Indian Journal of Public Administration*, Vol. XII, No. 1 (Jan.-March, 1966); M. Santaranarayanan, "Role of the District Officer in Changing Administration", *The Indian Journal of Public Administration*, Vol. XII, No. 4 (Oct-Dec, 1966); and M.K. Chaturvedi, "The Elephant and the Tortoise (The District Collector and his Role Identification)", *Journal of the Society for Study of State Governments*, Vol. IV, No. 1 (Jan.-March, 1971). Also see C.N. Bhalerao, "Changing Pattern of Development Administration in the District", *The Indian Journal of Public Administration*, Vol. XII, No. 1 (Jan.-March, 1966); and Raghavaiah, *op. cit.*

<sup>12</sup>See for example, Otima Bordia, "District Administration—Problems of Coordination", Jaipur, H.C. Mathur, *State Institute of Public Administration*, 1970, (Mimeo).

<sup>13</sup>I am grateful to Shri Subodh Mathur, Lecturer in the Department of Economics, University of Rajasthan, for suggestions as also for making available to me a note on "District Planning" (unpublished) that he had written for the Collector, Barmer in Nov.-Dec. 1972. The following section is adapted from the note. It also borrows from D.R. Gadgil's *Kale Memorial Lecture* 1966 delivered at the IIPA, Delhi as well as from the unpublished *Report of Indian Mission to Kenya* by Raj Krishna, Government of India, 1972.



is often suggested that each district be sub-divided on the basis of economic homogeneity into 'economic areas' or 'mandi areas', which may be considered to be the lowest units for the integrated provision of socio-economic overheads and services.

Such an economic area may be either: (1) the main centre of marketing and exchange, where the plan must provide for additional services, like technical assistance, and institutionalised economic facilities, like credit, storage and processing, or (2) (in a less farm-dominated area) a centre of growth of industrial (or other) activity which helps to transform the economy of the surrounding area.

Viewed in this context, district planning involves the proper selection of economic areas and the coordination of the national plan (and special district) programmes with the needs of the economic areas.<sup>14</sup> Thus, all possible attempts should be made to link the district or one of its economic areas to a national or state project, located in the district so as to ensure that the project implementation is speedier and better, and the infrastructural changes effected by the project are fully made use of. However, this approach also builds up a case for the reorganisation of district boundaries so as to coincide with those of the groups of economic areas.

In preparing a plan, the district planner (who has to look to speedy economic growth, integrated and effective utilisation of resources—both natural and human—increase in employment, increase in social services and social consumption, redressal of regional imbalances, improving the lot of socially and economically backward sections of the population, and speedy abolition of poverty)<sup>15</sup> has to work at two levels; the district and the economic area, with overall frames and strategies being decided at the district level. While details of plans for conservation of natural resources and for production, etc., shall have to be worked out at the economic area level areawise and sectoral financial allocation, distribution of employment oriented schemes, and solving of organisational problems are best done at the district level. Coordination and synchronisation efforts shall have to be made at both levels while overall integration shall have to be done by the district planner who, as has already been mentioned, shall be conversant with state and national plan priorities.

A district planner must identify his district's resources, extent of their utilisation, the nature and extent of the infrastructure needed for optimum utilisation, district's social and cultural profile and its relevance with respect to the human factor, pattern of land cultivator relations and their relevance to programmes for increasing production and bettering distribution, nature and extent of social infrastructure (in terms of education, health centres,

<sup>14</sup>See N.V.A. Narasimhan, "Principles of Integrating of Local and National Plans", *Behavioural Sciences and Community Development*, Vol. I, March, 1967.

<sup>15</sup>V.K.R.V. Rao, "District Planning Concept—Getting to the Grassroots", *Times of India*, May 23, 1973.



family planning, nutrition, etc.) and its relevance to both economic growth and social justice, employment and production generating infrastructure, and facilities, such as banking, markets, transport, construction, storage, supply of inputs and procedural requirements, and the measures needed to strengthen them.<sup>16</sup> He must also study consumption, requirements for drinking water, housing, and village access roads, social stratification, the position of the scheduled castes and tribes, wage levels, unemployment and under-employment and the prevailing income distribution. Only then logical district priorities can be drawn up taking into consideration the existing constraints.<sup>17</sup>

Further, the planner has to learn to anticipate local reactions and responses since plan implementational success shall depend upon the interest aroused among the people and consequent local assistance forthcoming. Here the need for incorporating panchayat bodies in planning becomes obvious. While care should be taken to see that wishful thinking on the part of panchayat non-officials does not lead to over-ambitious plans (which are mere collections of more or less popular demands) being formed, a discussion of plan proposals in panchayat samitis and zila parishads would be very welcome. Cooperative institutions can also be gainfully associated with planning and execution.

Similarly, as has already been mentioned, a district plan should not be a mere collection of various departmental, or sub-departmental proposals. This, besides non-integrated, lop-sided development, may also result in duplication of staff (who have to prepare the various proposals separately without assistance from the personnel of other departments) and breakdown of coordination. Of course, an integrated district plan, once prepared, may later be segmented sectorally or even departmentally for implementation purposes. This is because a development plan consists of a bundle of projects, each having a separate sectoral identity, geographic location, time horizon and scheme of estimated costs and benefits, thus, each being in need of separate administrative apparatus within the framework of the district planning machinery. Here, the planner must combine knowledge of local and district conditions with technical know-how available from the State or national department before indulging in project formulation.

The practice of 'crash programmes', 'campaigns' and the tackling of problems on a 'war footing' are all antithetical to the canons of long-term planning and may even be taken as a symptom of faulty planning. Thus, the planner should be able to anticipate crisis situations and avoid them and the linked need for the adoption of emergency measures.

<sup>16</sup>V.K.R.V. Rao, *op. cit.*

<sup>17</sup>This is in contrast with the previous practice of targets and financial allocations being decided at the national, state and departmental levels and being formally approved by Panchayat Samitis and Zila Parishads.

Given knowledge of Central or State projects in the district (for example large irrigation, famine relief, road building and power projects, fisheries and forest programmes, etc.) and their outlay and the employment generated thereby; natural resources (through soil, water and geological surveys, census operations and the like); production—agricultural and industrial—land use, supply of credit, public expenditure, etc.; and existing transport, communication, educational and health facilities, the district planner has to utilise it giving priority, while making the plan, to the development of socio-economic overheads and resource development, and not to social services which local pressures demand. Plan production targets in their present form should get lower priority than the development of the infrastructure. However, the government has to continue to provide incentives and assistance to individual producers to encourage them to produce goods according to the overall objectives and strategy of development. These incentives also fall within the scope of the district plan.

Thus, we see that the district plan should not be a mere spelling out of targets and financial allocations, but a much more comprehensive document, which, keeping in mind financial restraints, spells out logical relations between sectoral and departmental plans and between various economic areas, and which determines the chronological order in which schemes are to be started and implemented. It is based on calculations of supply and demand, where the need for equipment, trained personnel, buildings, raw materials, unskilled labour, all have been checked against the available supply, and where an attempt has been made to improve the internal organisation of the agencies which will implement the schemes and thus help bridge the gap between supply and demand.

It should also be kept in mind that planning is a continuous process and that each five year plan should not be viewed as a separate entity, and is done by a few officers and politicians.

## VI

Viewed from the point of view of urbanisation and town planning also, one finds that the process of district planning adopted during the Third and Fourth Plan periods was inadequate.<sup>18</sup> Master Plans, which are being pre-

<sup>18</sup>K.V. Sundaram in his "Towards a National Urban Policy in India", *Fulbright Newsletters*, March 1973, points out that, while isolated city development plans and urban community development plans were suggested in the Third Plan period, spatial planning started getting attention only in the Fourth Plan. He also emphasises that a traditional anti-urban bias exists in the minds of our planners and that the problem of integrating urban growth with the development of the surrounding rural areas so as to make the two mutually interdependent is not getting sufficient

pared for all cities and major towns, are comprehensive documents dealing with the entire range of urban functions and activities, and relate them to one another on a citywide basis. These are prepared considering the overall land requirements of the community *regardless of municipal or administrative boundaries*.<sup>19</sup> These plans also take into consideration expansion possibilities for at least 20 years to come and thus large tracts of peri-urban land have to be included in the Master Plan. With urbanologists focusing attention on the need to supply food stuff and industrial raw material to the cities as also to coordinate the sale of finished goods in adjoining areas, the concepts of integrated 'city feeder areas' and 'satellite towns' are finding their way into Master Plans. It is quite feasible for such metropolitan or town areas not to coincide with district boundaries and, thus, complicate the formulation of district plans. Town areas, being based on socio-economic relations, are often liable to be the same as economic areas, suggesting that only rationalisation of district boundaries can make it possible for Master City Plans, economic area plans and district plans to be coordinated and integrated (or merged).<sup>20</sup>

## VII

To sum up, I feel that, with our developmental needs necessitating more comprehensive planning and a switch over to real planning from below (the district thus becoming the basic unit of planning) it has become imperative that district boundaries be redrawn along economic, geographic and social lines (as opposed to their present historical basis) so that all sorts of regions

(Continued from previous page)

attention, nor have urbanization and national economic development been linked in the minds of the planners. He thus emphasises urban regions for planning. *See also* Leo Jacobson and Ved Prakash, "Urbanization and Regional Planning in India", *Urban Affairs Quarterly*, Vol. II, No. 3 (March, 1967).

*Also see* Sudhir Wanmali and Waheeduddin Khan, "Role of Location in Regional Planning with particular reference to the Provision of Social Facilities", *Behavioural Sciences and Community Development*, Vol. IV, No. 2 (Sept. 1970), where a city-periphery model of planning at the city level is set forth with reference to Nagpur.

<sup>19</sup>Town Planning Organisation (Rajasthan), *Draft Master Plan for Jaipur*, Jaipur, 1972. District Plans should be similar in approach but have a much wider scope so as to encompass all facets of life.

<sup>20</sup>*See* V. Nath, *op. cit.*, where he has tentatively set forth a case for urban regions to be adopted for plan purposes. In his six-fold classification, the central places of the different regions are: (1) Metropolitan City, (2) Sub-regional Centre, (3) Multi-District Centre, (4) District Centre, (5) Mandi Centre, and (6) Rural Service Centre. *Also see* V. Nath, "Area Development at District and Block Levels", *The Indian Journal of Public Administration*, Vol. XI, No. 2 (April-June, 1965).

For earlier views on Urbanisation and Planning and a backgrounder to urbanisation problems in India, *see* Roy Turner (ed.), *India's Urban Future*, Berkeley, University of California Press, 1962.

(administrative, economic, metropolitan and resource development) can start coinciding in India.<sup>21</sup> □

<sup>21</sup>Also see Planning Commission, *Research Development Regions and Divisions of India*, New Delhi, Manager of Publications, Government of India, 1964; Planning Commission, *Guidelines for the Formulation of District Plans*, New Delhi, Manager of Publications, Government of India, 1969; and Lalit K. Sen, *Integrated Area Planning : Concepts and Methods*, New Delhi, Government of India, Training Division, Department of Personnel, Cabinet Secretariat, 1972.

# Decentralisation of Development Planning and Implementation\*

Amritananda Das

THERE IS widespread agreement about the need for effective steps to secure the decentralisation of the development planning and plan implementation set-up in India. Yet confusion continues to reign concerning the nature of the practical measures through which such decentralisation is expected to be realised.

The fundamental reason for this confusion lies in the realm of the philosophy of development planning. The type of development tasks that can be effectively handled by a centralised regime of planning and plan implementation differs radically from the kind of developmental activity that can be adequately tackled by a decentralised regime. Consequently, effective and meaningful decentralisation of an existing centralised planning and implementation regime is possible only in the context of a parallel fundamental shift in the philosophy of development planning.

The confusion in the minds of most Indian proponents of decentralisation in development planning arises from the fact that they are seeking to achieve the benefits of decentralisation without giving up centralist philosophies of development planning. Thus while desiring the benefits of decentralisation, they find themselves unable to accept the consequences of significant decentralisation.

The present paper attempts to identify the necessary changes in the philosophy of development planning without which meaningful steps towards the decentralisation of the development planning and plan implementation regime cannot possibly be taken. This would enable the identification of the truly fundamental ideological issues of contemporary decentralisation debates.

It will be useful to start with a number of preliminary remarks designed to clarify the conceptual apparatus used in this paper. This is necessary since conceptual/terminological precision is essential for any discussion of ideological/philosophical alternatives.

It is important to note that a development planning and implementation regime must inevitably be a complex multilinear and multilevel system. It

\*From *Indian Journal of Public Administration*, Vol. XXIV, No. 3, 1978, pp. 557-70.



is, therefore, not very illuminating to apply the concept pair 'centralised/decentralised' to the planning and implementation regime as a whole. Rather, centralisation-versus-decentralisation issues can be meaningfully discussed only on the basis of an identified line-level referent.

Broadly speaking the most important 'referents' figuring in contemporary Indian discussion regarding the decentralisation of the development planning regime are the following:

(a) The relationship between national level and State level development planning.

(b) The relationship between national and State level planning and area planning at the district or block levels.

(c) The relationship between official processes of planning-from-above and the community-level planning-from-below by local self-government agencies.

(d) The relationship between aggregative economic planning (at national or State levels) and the management of publicly-owned enterprises.

(e) The distribution of decision powers between upper and lower ranks of (national and State) bureaucracies involved in planning and plan implementation.

At this point it is important to appreciate the distinction between decentralisation properly so-called and the devolution of decision authority in a hierarchical organisation. We shall be speaking of 'decentralisation' when lower ranking decision units within a hierarchy acquire greater control over the process by which their goals and targets are determined. We shall speak of 'devolution' when lower ranking functionaries within a bureaucracy acquire greater autonomy over methods of goal-attainment as distinct from the determination of policy-goals. Quite obviously, therefore, the discussions regarding the distribution of decision-authority in development bureaucracies is a problem of 'devolution' whereas the others are genuine examples of 'decentralisation' problems.

The distinction between devolution and decentralisation problems is important because the former are essentially related to questions of pragmatic efficiency and can be dealt with by standard techniques of organisational design. Problems of decentralisation on the other hand are basically ideological rather than pragmatic in character.

The basic ideological issue involved in any genuine problem of decentralisation is concerned with the degree of uniformity (or uncontrolled variation) that is desirable in the behaviour of the smaller/lower-ranking units. To the extent meaningful decentralisation takes place, the more central unit loses some degree of control on the behaviour of the less central units and consequently there is an increased chance of random variations in the behaviour of the less central units. At the same time, however, the less central units acquire a greater chance of more perfect adaptation to the local environments in which they function. Thus the positive dimension of decen-



tralisation is the greater adaptability to varying local conditions, whereas the negative dimension is the greater degree of variation in the behaviour of local units as seen from the point of view of the central unit which is naturally interested in the uniform administration of a single behaviour-pattern (policy) through the range of local units.

Whether or not greater adaptability to local environments is worth the loss of uniformity of policy over a wide range of local environments can never be completely reduced to pragmatic questions. For example, if the overall development target is to provide the *same* minimum standard of drinking water supply to all villages in India, a centralised planning and administration system is called for. However, if the target is to encourage each local cluster of villages to meet their *own perceptions of drinking water needs through locally optimal arrangements*, a decentralised system alone is suitable. Clearly the preference as between these two alternative conceptions of development targets is basically ideological rather than pragmatic.

From the foregoing it should also be clear that no rational thinker can be totally consistent in his preferences as to the superiority of centralisation or decentralisation on every issue. Rather, his decisions would be governed by the situations in which he prefers uniformity of policy at the cost of reduced adaptability to local environments (where he would be a centralist) and the situations in which he would prefer local adaptability at the cost of policy uniformity over a wide range of local units (where he would be a decentraliser). Nonetheless it remains true that an individual's development philosophy may be identified as basically centralist or basically decentralist. The first is usually the case when his conceptions of the most important development tasks are such that centralist solutions look most appropriate. The decentralist philosophic position, on the other hand, arises when importance is accorded to those developmental tasks for which a decentralised approach is more appropriate.

#### THE DECENTRALIST PHILOSOPHY OF DEVELOPMENT PLANNING

The main components of the decentralist philosophy of development planning are three. First, there is the 'communitarian' component which perceives the strengthening of autonomous local self-government institutions as a basic social *value*. Secondly, there is the 'libertarian' component which emphasises the psychological alienation of individuals when faced by large-scale anonymous institutions and mechanistic rule-bound functionaries. From this point of view there is a positive value in *avoidance of centralist solutions* to development problems. Finally, there is the 'appropriate technology' component which consists in a preference for technologies responsive to local variations of need-resource profiles and cast on a 'human' scale. From this point of view development programmes introducing large-scale technologies negligent of local need-resource situations, cultural values and

human characteristics appear as evils to be avoided as far as feasible.

Starting from the above-described ambience it is fairly easy to develop a trenchant critique of ruling centralist ideologies of development planning. In mounting the attack the decentralist has one important advantage. He can point to the undesirable consequences of the practice of centralist development philosophies (since this has been the only kind of philosophy on which development planning regimes have been based), whereas the centralist cannot point to practical examples of the undesirable consequence of decentralist approaches for the very simple reason that such philosophies have not so far been taken up as the basis of development planning regimes.

However, let us concentrate on the main lines of the decentralist attack on ruling philosophies of development planning:

(a) Centralist development philosophy is elitist in character and its practice leads both to the concentration of political power in the hands of bureaucracies and to the economic ruin of the poorer and less-privileged sections of the community. Development planning which emphasises centralised investment in heavy industries and the creation of giant-sized units of physical infrastructure tends, as a rule, to make the rich richer and the poor poorer.

(b) Centralist solutions to development problems are basically imperfect because they require a centralised bureaucratic implementation. As such they function apart and away from the people and cannot secure their voluntary and dynamic participation. Since a number of crucial development tasks essentially require broadbased mass participation (e.g., population control, functional literacy, development of cooperative credit institutions, the adoption of new farming technologies, improvement of rural health standards, etc.), a centralist approach to development planning inevitably fails in the task of genuinely improving the lot of ordinary people.

(c) The inevitable failure of centralist development planning to secure the cooperation of the people and the resultant failure to tackle a broad range of crucial development problems leads, after a time, to the adoption of political totalitarianism as a method to coerce the people whose voluntary cooperation the regime has failed to secure. Centralist development planning, therefore, contains the seeds of political totalitarianism.

(d) The real determinants of human welfare are constituted by: (a) the extent to which local communities acquire the status of well-integrated self-governing units, (b) the degree to which people can secure an adequate livelihood through self-employment without uprooting themselves from the communities in which they were born or subordinating themselves to giant faceless organisations, (c) the degree to which local, social and cultural traditions are preserved and provide the individual with identity and continuity and protect him from future shock, and (d) the extent to which the local ecological balance and environmental values can be protected against the inroads of modern technology gone mad. Clearly centralist development

planning is worse than useless in attaining and preserving these crucial values. Only decentralised development planning offers a chance for progress in terms of the true determinants of human welfare.

There is no doubt that the above critique makes a strong impression. Even more significantly it offers a convenient and convincing criticism of Indian development planning and plan implementation in the Nehru-Indira era. Consequently, it is not surprising that the emergence of Janata rule has been marked by an increased dominance of the decentralist development philosophy and that the importance of a decentralisation of the economic planning and plan implementation regime is being so widely recommended.

#### DECENTRALISM AND PRACTICAL PROBLEMS OF DECENTRALISATION

Unfortunately it is extremely difficult to relate the decentralist philosophy of development planning to any of the practical issues of the contemporary Indian controversies on centralisation-versus-decentralisation. This is so because the practical issues uppermost in contemporary debates relate to questions of minor and partial reforms of a centralist planning and plan implementation regime. As such it is very difficult to bring the principles of the decentralist development philosophy to bear upon them. The truth of the above remarks can be established by briefly reviewing the contemporary centralisation/decentralisation controversies.

Let us start with the Centre-versus-States issue. From the point of view of the decentralist philosophy of development this relates to an unimportant and non-essential aspect of the planning and implementation regime. Whether the State-level elites or the Centre-level elites become stronger, is hardly likely to affect the elitist character of development strategies and administrative methods. As far as the decentralist is concerned, both Centre-level and State-level planning represents planning from above through hierarchically-organised bureaucracies. The inter-elite power struggle, however resolved, is of little significance in modifying those features of centralism in the development planning and implementation regimes which the decentralist finds most objectionable.

To the decentralist thinker the really important issue does not relate to the division of power between the States and the Centre. It relates rather to the size of the State units. Considerable practical gains from the decentralist point of view are likely to result if the size of the State units could be reduced to those of contemporary districts. Elected assemblies at the district level, if they enjoyed powers comparable to those of the present-day States, would become more sensitive to local welfare/development issues and (because of the lower scale at which they would operate) will have to concentrate on smaller-scale investments and decentralist solutions to development problems.

Smaller-sized States would also have to pay greater notice to the agencies of community level local self-government for the simple reason that their

mutual size and importance relationships would be radically altered. Indeed, under such an eventuality, it may even be feasible to reconstitute the States into federal units of local self-government agencies. This would give much greater scope to effective planning-from-below and significantly improve the chances for participation and collaboration of the people in determining the character of development policies.

Paradoxically, however, the reduction in the size of State units (which the decentralist finds so attractive) will actually alter the distribution of power as between the Centre and State planners in favour of the *Centre*. Given the smaller size and the spending scale of the States it becomes rather obvious that they would no longer be in a position to tackle a fairly large number of problems. In the first place, the district-sized State units cannot be expected to own or manage large-scale industrial enterprises. Secondly, the town planning functions of major ports, large-scale internal transport nodes and industrial agglomerations would have to be turned over to the Centre. Thirdly, large-scale irrigation and power development project would pass beyond the scale of district sized States and will have to be exclusively the business of the Centre and so would the planning of long distance roads and transport developments. Consequently, as far as the relationship between the Centre and the State levels of the development planning regime is concerned, the decentralist philosophy leads to the recommendation of a greater degree of centralism.

However sensible and significant all this might be, it has little relevance to the current Centre-versus-States power struggle. The only relevant question in this debate is whether some of the functions of a centralised planning and implementation regime should or should not be devolved from the top to the next-from-top rank of the regime. To the resolution of such questions the general philosophy of decentralised development planning has nothing to contribute.

Let us turn next to the question of the relationship between State-level planning and area-planning activities at the district and block levels. Clearly, area-planning activities at district and block levels are closer to the heart of decentralist thinkers and they would prefer an increased weightage given to block and district level plans as against State-level planning. Unfortunately, a greater degree of emphasis on district and block level planning will not (under the current practical circumstances) represent a genuine gain from the point of view of the decentralist philosophy of development.

At this point it is worthwhile introducing the critical distinction between centralist planning at small-unit level and truly decentralised planning. The first represents an attempt by centralist planners to achieve closer and more effective control of local environments. The second a genuine increase in the autonomy of local units vis-a-vis Central planners. As currently visualised, the increased emphasis on district and block level planning represents a trend of the first type.

Let us note that the area planning organisations at district and block levels would be parts of the State planning bureaucracy. Further, the priorities they would take into account would be played down by the State-level planners and the planning process would be mainly concerned with the identification of development projects to be financed by nationalised banks and State-level grants. Given such a set-up, district and block-level planning can at best lead to greater detail in planning and a more precise identification of smaller-scale projects. It may also marginally increase the weightage of small-scale employment oriented projects in the investment allocations of State-level plans. It will not, however, lead to any genuine decentralisation in the sense of greater autonomy of the peoples at district or block levels to determine the kind of development future they would prefer to choose. Neither would the agencies of local self-government acquire greater powers of decision or resource command. Rather, detailed planning from above at the district or block level will tend to decrease the autonomy of agencies of local self-government.

The extension of a centralist planning regime to issues of detailed planning at small-area-unit level (which is what the current emphasis on district and block level planning actually represents) will not be appreciated as a genuine gain by sincere adherents to the philosophy of decentralist development. Things might have been different if there had been a simultaneous changeover to district-sized States so that the State Planning regime itself had been made more appropriate to decentralist ideals. In the absence of such a possibility, increased weightage to district and block level area planning activities will not be perceived as a gain from the decentralist point of view.

Neither does the decentralist line of thinking have anything significant to contribute to the relationship between official planning and the managements of publicly owned large enterprises. Indeed, to the extent that management autonomy of large public enterprises tends to bring their behaviour patterns closer to those of the private sector large enterprises, the decentralist is likely to perceive this as a threat. Such a trend is likely to render such enterprises more prone towards irresponsible behaviour with respect to ecological and environmental values and with respect to the interest of local human-scale economic activities.

Over the broad range of contemporary problems of the centralisation-versus-decentralisation type, therefore, the decentralist philosophy of development planning has either nothing relevant to contribute or is definitely opposed to current pseudo-decentralist recommendations. From its viewpoint the really crucial decentralisation problems are being actually side-stepped in contemporary debates on decentralisation.

#### THE CRUCIAL DECENTRALISATION ISSUES

What, then, are the crucial decentralisation issues which are being



neglected or sidestepped? Specifically, they are the following:

(a) How can the agencies of local self-government be enabled to function as planning and plan implementation units enjoying reasonable autonomy with respect to centralist planning from above?

(b) How can community level planning and plan implementation efforts be directed towards the build up of local socio-infrastructure systems and the promotion of community based self-employment opportunities?

(c) How can centralist investment planning and administration be prevented from carelessly destroying local ecologies, environments and socio-cultural continuity?

(d) How can the irreducible minimum of centralised development planning and administration be so designed as to help rather than hinder the community level planning of local self-government agencies?

The answers to the above questions would determine the nature of the programme for truly effective decentralisation of the existing planning and plan implementation regime.

Perceptive readers will immediately recognise the four issues raised above as the central issues of the Gandhian philosophy of economic reconstruction in India, recast in modern terminology. It will prove useful to digress briefly to consider how Gandhi himself visualised the solutions to these for crucial problems. While the Gandhian solutions are naturally both incomplete and imperfect, they represent still the best starting points for meaningful discussion of the problems involved.

### THE GANDHIAN APPROACH

Let us briefly summarise the salient points of the Gandhian approach. To start with, it should be clear that the Gandhian approach involves a basic distinction between phenomena characteristic of the western industrial civilisation (e.g., large industrial enterprises, large-scale transportation systems, large industrial townships, ports, administrative centres and metropolises) and the phenomena characteristic of the pre-western Indian way-of-life (village communities, traditional handicraft industries, village-exchange-systems, local land-water-utilisation systems, the community-integrating religio-cultural institutions, etc.). Gandhi is for a pattern of developmental planning which regards the preservation, strengthening and creative reform of institutions and arrangements of the latter class as the basic objective and accepts the phenomena of 'modernism' only to the extent that they can positively contribute to development of the institutions and arrangements Gandhi is primarily interested in.

In terms of planning regimes this involves an interesting duality of approach. As far as the development of village communities and its supporting socio-economic institutions are concerned, this is to be achieved through planning from below by autonomous agencies of local self-government. As



far as the development of cities and modern industrial/infrastructural activities are concerned, they are to be subjected to strict centralist planning and administration so that they can be subordinated to and made instruments of the process of socio-economic reconstruction of rural India.

Starting from these fundamental principles it is possible to develop the outlines of a development planning and implementation regime consistent with the Gandhian ideals. We shall briefly examine the major features of the system.

For rural areas there would be a three-tier structure of local self-government agencies at village cluster, block and district levels, organised on direct democratic principles at the bottom rank and on indirect representation principles for higher tiers.

There will be a national government composed of representatives from the district level units, as well as representatives from large urban units. This national government would be in charge of a centralist regime of planning relating to large industrial units, large infrastructures and the area planning of urban units.

The community-level planning efforts will relate to the following basic development tasks:

(a) The creation of sufficient locally-based self-employment opportunities in order to attain full utilisation of the local reserve of labour power excluding those employed in the centralised sector of the economy.

(b) The creation and development of locally-based and community integrated institutions for water supply, sanitation, primary and secondary education, recreation and community level cultural activities.

(c) The production and disposal of a local production surplus sufficient to pay for the imports of raw materials, capital goods and use of large-scale infrastructural services from the centralised/modern sector.

The centralised planning regime would primarily relate to the following development tasks:

(a) The development of large-scale industrial units for supplying the village communities with raw materials, capital goods and other intermediate products.

(b) The laying down and maintenance of large-scale infrastructure (irrigation, power grids, transport systems) for facilitating the development of village communities and their interactions with the centralised/modern sector of the economy.

(c) The planned and limited development of urban areas, ports and industrial agglomerations.

(d) The establishment and running of nationwide systems of cooperative trade, credit and technical extension for the development and promotion of household industries and other self-employment activities.

The implementing agencies of the central planning regime will extend down to the district level. Below this, all implementational activities would

be the responsibility of the local self-government system. Coordination of the two sub-regimes of planning will take place at the district level. The organs of the centralised planning sub-regime would work out the programmes for large-scale industry and large-scale infrastructure development for each district and the district system of self-government agencies, their plan for the utilisation of the opportunities provided through centralised planning in terms of their own community-level programmes. The interaction at the level of district planning would serve to alert the central planners as to the exact nature of development-support needs of the district self-government agency system and to make the district self-government systems aware of the broad directions of national-level planning into which they will have to fit.

A planning regime of the above type would represent an ideal approximation to the target of decentralised economic/social planning. It must be recognised that the immediate attainment of this ideal is not feasible. It is also likely that even a gradual progress towards such an ideal regime would be attended with practical difficulties and require rethinking at several specific points. Nonetheless, the picture of the ideal decentralist planning regime developed above can serve to identify the broad directions of decentralising change desirable from the point of view of a decentralist philosophy of development.

#### AN AGENDA FOR DECENTRALISERS

We are now in a position to spell out an agenda of institutional reforms necessary for effective decentralisation of the planning and plan implementation regime in India. This agenda for decentralisers can be spelt out as follows:

Effective decentralisation of planning and plan implementation regimes will require, in the first place, a number of changes in the political constitution of the Indian Union. This constitutional reform programme constitutes the first five points of the agenda for decentralisers:

(a) State parliaments should be abolished. The constitutional powers of the present State parliaments should be transferred to district-sized units.

(b) The district-sized basic democratic units should be organised on a three-tier federal principle with direct elections to the first tier and indirect elections thereafter.

(c) It will be preferable but not essential to elect the Union parliament by indirect election from the district-sized basic democratic units and their counterpart elective institutions of urban self-government which would have a smaller three-tier structure of neighbourhood-district-town levels.

(d) A new finance commission should be established to recommend the principles of allocation of public revenues as between the Central government and the district sized basic democratic units and counterpart urban

self-government authorities.

(e) There should be a commission to restructure the distribution of legislative/administrative authority as between the Central government on the one hand and the basic democratic units and their urban counterparts.

A number of important changes are required also in the structure of the planning regime itself. This programme for reform of the planning regime constitutes the next four points of the agenda for decentralisers.

(f) The National Planning Commission's scope will have to be suitably redefined. On the one hand the Commission's brief should be extended to cover really detailed planning of all large scale publicly owned industrial units and large-scale infrastructure agencies. On the other hand the Commission should shift to purely indicative planning of activities controlled by the basic democratic units. For example, the national level planning of agricultural activity should be reduced to the planning of fertiliser/pesticide/seed supplies, agricultural marketing, technical extension and large scale irrigation. Such plans should be built up from the support-needs of basic democratic units by indicative planning methods.

(g) The district level units of the national planning regime would be designed to provide information to the planning wings of the basic democratic units about the development opportunities that have been decided to be provided to the unit from the part of the centralised planning regime. The planning organisation of the basic democratic unit (or its urban counterpart) will provide the central planning regime representatives with information about the manner in which it proposes to utilise the opportunities provided and the programmes it proposes to undertake on an autonomous basis.

(h) The information flows from the basic democratic units (and their urban counterparts), collected at the district level would be coordinated and processed to generate the people's plan for development on a three years rolling plan framework. This plan (produced by planning-from-below methods) will provide the basis for indicative projection from which the national central plan would be worked out on a five-year rolling plan model.

(i) The national people's plan for development will deal basically with community development aspects, as well as with community based production, social service and labour utilisation plans. The primary responsibility of the anti-poverty programme would thus devolve on the decentralised part of the planning regime. The national Central plan, on the other hand, would be concerned with large scale industry and infrastructure and urban development components.

Finally, a number of measures would be necessary to develop a suitable administrative structure for implementation of this kind of development planning. These measures constitute the last five points of the agenda for decentralisers.

(j) Expert panels of planners, with specialised training in community-

level sociologically-oriented planning would be necessary for the basic democratic units and their urban counterparts. A national commission should be established for the training and placement of such experts.

(k) Expert physical planning panels would also need to be established by the central planning regime at the level of each basic democratic unit. The Central level will also need expert planners capable of: (a) integrating base level people's plans into national level people's plans, and (b) working out the physical planning counterparts of the people's plans. A national commission should be established for the training and placement of such experts.

(l) The upper echelons of existing State level development bureaucracies would have to be integrated with the central development administration bureaucracy. This bureaucracy will end at the district level, the implementation of all projects not affecting more than one basic democratic unit will be contracted out to the implementation wing of the basic democratic unit.

(m) Considerable build-up and training of the implementation agents of the basic democratic units (and their urban counterparts) would be necessary. Zonal level civil service commissions would be needed to supervise the training, recruitment and placement of such functionaries. Basically, however, the development of implementation systems would involve the employment of technical supervision and extension personnel and not the proliferation of a lower-rank bureaucracy.

(n) Finally, the new implementation set-up would also involve the setting up of a network of trade, credit and technical extension system. Up to the district level this will be the responsibility of the basic democratic units and their urban counterparts. Above this level it would be the responsibility of the Central government.

The above 14-point agenda, which we have called the agenda for decentralisers, represents an indicative programme for the effective reform of development planning and administration in India according to the decentralist philosophy of development planning. The author has no illusions about either the pace or the completeness with which such a programme is likely to be realised in practice. The above is an 'agenda' and not a 'blue print'. Its single but substantial contribution can be to redirect the ongoing decentralisation debate from marginally significant issues to the basic questions. □

# Regions for Planning\*

V. Nath

THE REGION is a conceptual tool for understanding the diversity in space and for organising space particular purposes. Every science has its regional scheme based on distribution of the phenomena in which it is interested. Thus in medical science there are regions showing distribution of cholera, malaria and other diseases. Frequently, regions are based on distribution of group of related phenomena. Climatic regions are an example. The concept of regions based on multiple related phenomena is found to be particularly useful in sciences such as geography, economics and sociology. Geographers distinguish regions based on distribution of the physical phenomena—geological structure, topography, climate, hydrology, soils and natural vegetation—or regions based on distribution of these phenomena and human phenomena such as agricultural land use, population density and the settlement pattern. Sociologists and cultural anthropologists distinguish cultural regions based on distribution of various cultural phenomena. All such regions are demarcated on the basis of internal homogeneity and external contrast; the areas included within them have certain common characteristics which set them off from areas outside. The economists also distinguish regions on the basis of homogeneity in economic characteristics. Industrial regions are an example. But the concept of economic regions based on the principle of inter-relationship is also used in economics. An economic area has been defined by Losch as the market area of a commodity, and an economic region as a system of such market areas.<sup>1</sup> Such an economic region may include area with widely divergent economic characteristics. Typically, it will include an industrial producing centre and a consumption area which may be largely rural. The two are considered as forming part of an economic region because of their economic relationship.

Both these principles, homogeneity and inter-relationship, have their utility in demarcating regions for planning.

\*From *Indian Journal of Public Administration*, Vol. XII, No. 1, 1966, pp. 1-17.

<sup>1</sup>August Losch, *The Nature of Economic Regions*, and J. Friedmann and W. Alonso: *Regional Development and Planning: A Reader*, Cambridge, The M.I.T. Press, Mass., 1964, p. 115.

## PLANNING REGIONS

Planning regions have to serve as the special units for formulation and implementation of development plans. They must, therefore, be demarcated, keeping in view the objectives of planned development and the nature of the principal development programmes. Secondly, since institutional and administrative arrangements for plan formulation and execution will have to be made with these regions as the units, they must be related to the existing politico-administrative structure of the country, its territorial divisions. Since most planning is done by government (or by agencies established by government), it is most convenient to adopt the territorial divisions or administrative regions as the planning regions. Planning and development agencies can be established for these regions simply by expanding the existing departments or adding new ones. Secondly, arrangements for association of the people's representatives with the planning process can also be made conveniently with them as units, because legislatures, local bodies and other democratic institutions are already established for them. Other planning regions have undoubtedly to be adopted for particular purposes. But the need for them must be clearly established, because their acceptance involves supplementing or replacing the administrative regions.

Planning in India is the concurrent responsibility of the Central and the State governments. It is being done with the States (and Union territories) as the primary units. Below the State level the principal units of administration and planning are the district, the block and the village. Administrative and institutional arrangements exist at these units for formulation and execution of plans, and for association of popular leaders with planning. These administrative regions are in fact the principal planning regions of the country. However, they are not adequate for all planning purposes and have to be supplemented by other regions for some purposes of planning, and may even have to be replaced for other purposes. Thus, for development of water resources it is convenient to adopt a river valley or a river system as the region; in metropolitan planning it is necessary to plan with the metropolitan area of the city as the unit. Similarly, for planning of transport or development of power resources, regions may have to be specially delineated keeping in view the particular requirements of the planning task. Secondly even when administrative units are adopted as the planning regions, it is useful for the planners to be aware of similarities, contrasts or economic relationships between areas situated in different administrative units. Thus, the Himalayan areas of UP, Punjab, Himachal Pradesh and Jammu & Kashmir have certain common physical features of topography, climate and soils and common patterns of resource use and economic activity. In all these hilly areas arable land is limited, specialised forms of agriculture (e.g., horticulture), and grazing and exploitation of forest resources are important economic activities. Population is sparse, water



supply and communications are difficult problems, and there is urgent need for programmes of conservation of soil and water. These common features, problems and needs, have to be kept in view and arrangements for cooperation in plan formulation or implementation have to be devised between the States and Union territories concerned. A regional scheme which expresses the common links between these areas is, therefore, useful for planners.

The planning tasks in India can be divided into the following four categories:

- (i) agricultural and related development programmes—land reclamation, soil conservation, irrigation, animal husbandry, forestry and fisheries;
- (ii) development of industries, power, transport and communications;
- (iii) development of social services—education, medical care, social welfare, etc. ; and
- (iv) urban development.

The classification follows broadly the sectoral classification in the five year plans. Urban development has been added. It is not a separate sector of development but it has been listed here because urbanisation affects the economy in such a variety of ways and urban development is a task of such importance that it was felt that it should be listed separately in order to focus attention on it.

In agricultural and related development programmes, primary emphasis is on scientific and more intensive exploitation of the resources of land and water. This has to be done by changing present production techniques and by undertaking various resource development programmes. Since regional variations in the methods of resource use and the resource development economy—patterns of agricultural land use and cropping, development of livestock husbandry, forestry or fishing—are related primarily to the physical factors, regional schemes based on analysis of the physical factors and associated human factors of agricultural land use and rural settlement, furnish the basic mosaic for planning the development programmes. Such schemes bring out the contrasts within the country and within individual States which are most significant for planning purposes. Further, they bring out for each region (and its smaller divisions) the basic physical and human factors, and the potential and limitations of the physical environment. The scheme of 'Regions for Resource Planning' developed by the regional planning unit of the Indian Statistical Institute<sup>2</sup> and the scheme of resource development regions and divisions recently published by the

<sup>2</sup>Unpublished.

Planning Commission<sup>3</sup> are both schemes of this type. The latter is described in Part II.

Such schemes are useful also for planning of social service programmes, especially in the rural areas, because planning of these programmes has to be related primarily to the rural settlement pattern. They are useful to a limited extent for planning of industrial, power, transport and associated development programmes. They furnish the basic facts on location of mineral and power resources, and agricultural raw materials, and of distribution of population which have to be taken into account in planning of these programmes. Thus, the scheme of resource development regions and divisions published by the Planning Commission distinguishes the eastern plateaux and hills region. This region, consisting of the plateau areas of Bihar, Orissa, west Bengal, eastern Madhya Pradesh and two districts of the Maharashtra, has been demarcated primarily on basis of geological and topographic factors. But by distinguishing it the highly mineralised areas which contain most of the coal, iron ore, manganese and other mineral resources of the country, have been separated from the adjoining areas of the Ganges plain or of the Deccan which are poor in minerals. Visualizing this mineral-rich area as one region is very useful in planning of industrial, power and transport programmes. However, it appears that regional schemes based on the principle of homogeneity are not adequate for planning of such programmes and that schemes based on the principle of inter-relationship have to be used. The latter are useful because they indicate how regions are related with one another and with the national economy and the potential or limitations for development which these relationships hold. Thus for any region the scheme of Resource Development Regions and Divisions would indicate only its agricultural, mineral, forest and other resources, but it would not indicate the potential or limitations for development which its location with reference to other regions creates. Consider the South Bihar Plain area (consisting of the districts of Shahabad, Patna, Gaya, Monghyr and Bhagalpur) as an example. It has a very large population in relation to its agricultural land, has few mineral resources and would appear to have a limited potential for industrial and urban development. But its location next to the coal and steel centres of Bihar and west Bengal and athwart the principal transport routes of Northern India hold for it enormous possibilities of industrial and urban growth.

As an illustration of schemes based on the principle of inter-relationship, a scheme of metropolitan regions has been described in Part II. The scheme distinguishes four metropolitan regions, which are the hinterlands respectively of the metropolitan cities of Calcutta, Madras, Bombay and

<sup>3</sup>Government of India, *Resource Development Regions and Divisions of India*, New Delhi, Planning Commission, 1964.

Delhi. The scheme is based on the concept of central places;<sup>4</sup> each metropolitan city is regarded as an apex central place, which is linked through a system of secondary and lower order central places to every part of its hinterland.

Accordingly, we consider in Part II three sets of regions:

- (i) Administrative Regions,
- (ii) Resource Development Regions, and
- (iii) Metropolitan Regions.

### ADMINISTRATIVE REGIONS

States (and Union Territories), districts, blocks, and villages constitute the different units in the structure of administrative regions. The planning process in India provides for formulation of plans with them as units and inter-relation of plans of different units. The plan of each State is drawn up within the framework of the goals, investment magnitudes and physical achievement targets of the national plan: but it reflects in its details—the financial and physical magnitudes of different sectors and the particular projects included in it—the development potential of the State and the needs and aspirations of its people. The plans of districts are related similarly to the plan of the State, and of smaller units to the plan of the district. Such inter-relationship between plans of different units is an essential aspect of the national planning process. It enables plans to reflect national goals and objectives on the one hand and local needs and aspirations on the other. Institutional arrangements have been established at various area levels for participation of the people's representatives in the planning process. The national and State legislators frame the policies for planning; the local leaders participate in detailed planning and implementation of programmes for their areas. The responsibilities of the local leaders in planning have increased, and much greater attention has begun to be given to local planning after the establishment of the panchayati raj institutions. The district plan particularly is being given increasing attention, because it is felt that the area of the district is sufficiently large for formulation of an integrated development plan and officials and non-officials of sufficient calibre and experience are available for preparation of the plan. If the present trends continue the district will in time emerge as a distinct unit of planning in addition to the nation and the State.

The administrative regions have some characteristics which enhance their claims to being accepted as planning regions. Most States of the Indian Union are quite large in size so that adequate planning organisations can be

<sup>4</sup>For a discussion of the hierarchical order of Central places, see W. Isard, *Methods of Regional Analysis*, Cambridge, M.I.T. Press, 1950, pp. 222-27.

built up for them. Secondly, the areas of most States are coterminous with the linguistic regions of the country and their people have a certain sense of linguistic-cultural unity. The importance of linguistic regions as basic planning regions can scarcely be overemphasised in a large, multilingual country. The districts similarly are of sufficient size to be adopted as primary units of local planning. The population of most districts ranges between one and two million and their area ranges between two and five thousand square miles. Secondly, since the boundaries of most districts follow natural features such as rivers or hill ranges and have remained unchanged for long periods, and the district headquarter town is the principal administrative, commercial and educational centre of the area, there is among their people a well-developed feeling of 'belonging to the district'. There are of course districts which are quite unsuitable for local planning because they are too large or too small or contain areas of sharply contrasted physical and economic characteristics.<sup>5</sup> But the number of such districts is small.

Among the administrative units below the district level, the community development block is the most important for purposes of planning because the institutional and administrative structure of planning and development—the panchayat samiti and the community development organisation—have been built up round it. A typical block consists of about 100 villages with a population of 50,000 to 100,000 but there are variations in different areas. Below the block level, the traditional unit of rural community life, the village, has also a certain importance in planning. The aspirations and needs of the rural people are articulated first through the village panchayat and agricultural and rural development programmes must be formulated in the first instance with the village as the unit.

### *Supplement to Administrative Regions*

*Special Areas :* This structure of administrative regions is used mainly for planning of agricultural and related development programmes, social service programmes and others which are the responsibility of the State Governments. It is useful for planning of these programmes because it enables planners to relate programmes for successively smaller areas to local conditions and the needs and aspirations of the local people. But it has to be supplemented in various ways in order to meet planning needs for which it is found to be inadequate. One set of supplements consists of areas of special problems or promise for which special development programmes have to be undertaken and special administrative or institutional arrange-

<sup>5</sup>Some districts of Bihar and Madras with population of three to four million are recognised as being too large for efficient local planning. The Madras districts have been bifurcated for purposes of planning, and a similar bifurcation of the Bihar districts will be useful. On the other hand many of the districts of Rajasthan, Madhya Pradesh and Himachal Pradesh are very small,

ments have to be established. Metropolitan areas of cities, industrial complexes, areas of river valley projects or other resource development projects, and backward areas are the most important among such special areas. In each case the boundaries have to be demarcated keeping in view the particular objects of planning and development. They have to be defined precisely in some cases but not in others. The boundaries of 'metropolitan areas' have to be defined with precision because they have to be given the force of law. Control over urban land use which is an essential element in metropolitan planning cannot be enforced without legal sanctions. The boundaries of areas of irrigation and other resource development projects may also have to be defined precisely, because the areas which will receive irrigation or other benefits and those which will not receive such benefits have to be clearly distinguished. On the other hand, boundaries of backward areas need not be defined so precisely. The boundaries of special areas may change relatively quickly. The metropolitan area of a city may have to be enlarged from time to time as the city expands. The areas of irrigation projects may also be enlarged as the scope of the projects is enlarged. On the other hand, backward areas may be reduced progressively in size as backwardness is liquidated.

*Zones, Macro-regions and Commissioners' Divisions:* Another set of supplements to administrative regions consists of groups of States and districts and are useful for planning at inter-State and inter-district levels. Inter-State action is required for water resource development, power generation and distribution, and various other development programmes. There is considerable experience of inter-State cooperation for water resource development in India; the river valley projects undertaken during the last 15 years are outstanding recent examples of such cooperation. But as each case requires agreement among the States concerned, adequate institutional arrangements are essential for securing inter-State cooperation. The need for inter-State action in power generation and distribution has also begun to be recognised increasingly. The power systems of most adjoining States are already inter-linked. Formation of regional power grids has been under consideration for some time; the grids are visualised as the first step in the establishment (eventually) of a national power grid.

Since the reorganisation of the States in 1956, an institutional arrangement for inter-State action has existed in the zonal councils. These councils have been constituted for the five zones—northern, central, eastern, southern and western—into which the country is divided. Each zone consists of two or more States and adjoining Union territories. The agency of the zonal councils could be used for planning and coordinated execution of programmes of development of inter-State interest more effectively than has been done so far.

Zones also provide a useful conceptual framework for macro-regional divisions of the country: most macro-regional divisions are variations on



the zonal scheme.<sup>6</sup> Macro-regions are useful for planning of various activities of the Central Government and for regional economic and social analysis. They can be very useful in planning flows of basic commodities—coal, iron and steel cement, petroleum products, chemical fertilisers, foodgrains and agricultural raw materials—and deciding locations of industrial units keeping the flow patterns in view. This concept has been best developed in USSR, which has been divided into a number of 'major economic region' each based on one or more major industrial complexes. However the related Soviet concept of self-sufficiency at major economic region level, very attractive in a country with long distances, sparse population and relatively under-developed transport, has distinct limitations in India. As the bulk of the coal and iron ore deposits of India are located in Eastern India, this region must remain the premier iron and steel producing region of the country and large flows of coal, steel and heavy engineering goods from the region to other parts of the country must remain an essential feature of the Indian economy. Ignoring these facts and attempting to achieve self-sufficiency at macro-regional level could lead to a distorted and wasteful pattern of resource development. Macro-regional schemes are useful for regional economic and social analysis because they make possible presentation of data on regional differences within a large country in terms of a limited number of units. In USA, the Census Divisions are used extensively for this purpose, and the practice of using macro-regions is growing in India. The National Sample Survey, the Energy Survey and various studies of the National Council of Applied Economic Research present data on regional differences within India primarily by macro-regions.

In most of the larger States of India there has existed for a long time an intermediate unit between the State and the districts—the commissioner's division. These divisions, consisting of 5 or 6 districts were formed for co-ordination of work in the districts; but many of them express also the most significant differences in physical and economic conditions within a State. In any case, these divisions furnish as the zones do at the macro-regional

\*One such scheme is that used by the Energy Survey Committee (Government of India: Report of the Energy Survey of India Committee, New Delhi, 1965, p. 85) which divides the country into the following six energy regions:

- (i) Northern: Punjab, Himachal Pradesh, Delhi, Rajasthan and Jammu & Kashmir.
- (ii) Central: U.P. and Madhya Pradesh.
- (iii) Eastern: Bihar, West Bengal and Orissa.
- (iv) Assam: Assam, Tripura and Manipur.
- (v) Southern: Andhra Pradesh, Mysore, Madras and Kerala.
- (vi) Western: Maharashtra and Gujarat.

The only unsatisfactory feature of the scheme is inclusion of UP and Madhya Pradesh in one region. There are marked physical and socio-economic differences between the two States which are marked by their inclusion in one region. Each State is large enough to constitute a region by itself.



level, the starting point for dividing large States into a limited number of relatively homogeneous units. Distinguishing such units is useful in planning for a large State because it provides to the State and the local planners a frame of reference for comprehending the diversity within the State and for modifying the development programmes accordingly. Such modification is particularly necessary in agricultural and related programmes which have to be adapted to the physical conditions and agricultural and settlement patterns of each area.

With these two sets of supplements, the structure of administrative regions consists of: nation, macro-region or zone, State, division, district, block and village, and the special areas. The latter cannot be integrated into the administrative structure, because their boundaries would frequently cut across the boundaries of States and districts. But since planning arrangements for them can be made without serious disturbance to the administrative structure, they can also be considered along with the administrative regions.

#### RESOURCE DEVELOPMENT REGIONS

The scheme of Resource Development Regions and Divisions of India published by the Planning Commission is based on analysis of data of topography, geological formations, soils, rainfall, agricultural land use, cropping pattern, population density and occurrence of mineral resources. The data have been analysed for each district of the country. The district has been adopted as the minimum unit for classification partly because the data for most of these variables were not available for smaller units and partly in order to make the scheme more useful for planning. It is considered that "the district is of such overwhelming importance as a unit for execution of most development programmes that a classification in which districts are not divided has a certain usefulness which is lost as soon as districts are divided".<sup>7</sup>

The scheme recognises five primary or major natural regions of the country; the Himalayas, the Northern Plain, the peninsular plateaux and hills, the east coast plain, and the west coast plain. Each of these is divided into one or more regions to make a total of 14 regions on the mainland of India. The fifteenth region is formed by the Islands in the Bay of Bengal and the Arabian Sea. The regions are divided further into sub-regions, divisions and sub-divisions. But the important units below the regions are the divisions; sub-regions and sub-divisions are units of secondary importance and have been distinguished in a very few cases. Only one region, the eastern Himalayan, has been divided into sub-regions and only five

<sup>7</sup>Planning Commission, *Resource Development Regions and Division of India*, op. cit., p. 3.

divisions have been divided into sub-divisions. The scheme distinguishes 61 divisions, each of which is located entirely within the territory of State. The divisions are formed by intersection of boundaries of the regions and the States or by further division of the area of a region located within a State. Each division is a unit, homogeneous in physical and socio-economic characteristics, and located entirely within the territory of one State which can be adopted as a planning unit by the State Government. The objects of the scheme are:

- (i) to provide a framework for understanding the variety of physical conditions and resource development potentials in different parts of the country to those concerned with planning at the Centre and in the States, so that these differences are given due consideration in planning of programmes, and adjustments in programme content and pattern are made to meet these, wherever necessary; and
- (ii) to furnish to those concerned with planning at the State level, a scheme of division of their States into internally homogeneous units, each of which can be used as a unit for planning of most of the programmes included in State Plans.<sup>8</sup>

The reference to 'State planning will be readily understood because agricultural and related development programmes for which the scheme is particularly useful are the responsibility of the State Governments. Since the resource development division consists of a group of districts, it can be easily integrated into the structure of State Planning. It can serve as an intermediate unit between the State and the districts and is in fact a better unit than the commissioner's because it is demarcated scientifically. Its principal usefulness is in relating development programmes more closely to the different physical and socio-economic conditions of different parts of a State. *Such relation is particularly important in large States such as UP, Maharashtra, and Madhya Pradesh within which there is such diversity of physical and socio-economic conditions.* The content of the plan of each sector can be decided first at the resource development division level and district plans can then be made within the framework of these decisions. The scheme also enables planners to keep in view the similarities between areas located in adjacent States. The examples of the eastern plateaux and hills region and of the Himalayan region of UP, Punjab, Himachal Pradesh and Jammu & Kashmir, given above, illustrate this point.

<sup>8</sup>Planning Commission, *Resource Development Regions and Divisions of India*, op. cit. p. 2.

## METROPOLITAN REGIONS

In this scheme the country is divided into four metropolitan regions—the hinterlands respectively of the metropolitan cities of Calcutta, Bombay, Madras and Delhi. Each hinterland is a macro-region consisting of two or more States together with Union Territories or parts of States. It can be divided further into sub-regions, divisions and smaller units going down to the service area of the small town (or large village) with population between 5,000 and 10,000, which performs various commercial and other service functions for a group of villages. Towns of different sizes located in a metropolitan region are considered to be central places of different orders; the metropolitan city is considered to be the apex central place of the region.

The areas included within a metropolitan region are dissimilar in physical features, land use and cropping pattern, population density and various other characteristics. The metropolitan region of Delhi includes the Himalayan areas of Jammu & Kashmir and Himachal Pradesh, the Punjab plain as well as the desert of western Rajasthan. The region of Calcutta includes areas as dissimilar as NEFA and north Bihar. But all parts of a metropolitan region are bound together by the bonds of functional relations with the metropolitan city. The relations are primary commercial—distribution of goods is the principal element in them,—but they are also cultural and administrative. Three of the metropolitan cities are ports but the fourth, Delhi, is an inland city. The external trade functions which the port cities perform for their metropolitan regions are shared in case of the Delhi region between Calcutta and Bombay. But the concept of the metropolitan region does not involve as a necessary condition that the metropolitan city be a port or that it be the only port in the region. It only involves that the metropolitan city be so important as a commercial, administrative and social service centre that it can be recognised as the apex centre of the region. Each of the four cities has this position in its metropolitan region. The cities are connected with every part of the hinterland through a succession of smaller towns—sub-regional centres, district towns, mandi centres, etc. These are central places of different orders, each of which is connected upwards with higher order central places and downwards with lower order places; it is also connected with its own particular hinterland (service area) for the specific services that it performs for it. In this way, a whole system of functional relationships—economic, socio-cultural, administrative—focusses eventually on the sub-regional and the metropolitan cities, and the influences emanating from these cities travel to every part of the hinterland.

Formulating such a scheme of metropolitan regions has many limitations at present. First, because of virtual lack of data on economic relationships between the metropolitan cities and their hinterlands, the regions cannot be demarcated precisely. Studies on demarcation of the hinterland have been

carried out most extensively for Calcutta<sup>9</sup> and the boundaries of the Calcutta region can be drawn somewhat more precisely than those of the other regions. The regional transport surveys now being conducted under the auspices of the Planning Commission are expected to make available considerable data which will make possible more precise demarcation of the other three hinterlands. Similarly, studies on the economic relationships between cities and towns of different sizes within a metropolitan region and between them and their service areas, needed for dividing the metropolitan regions into sub-regions, divisions and smaller units, are virtually lacking. In Appendix I, central places of six classes have been listed, which implies that it should be possible to have a size hierarchy of six units, going down from the metropolitan region to the service area of the very small town or large village which functions as rural service centre. But this classification is only illustrative and will need to be verified by studies in the different metropolitan regions. It is most likely that central places of all the six categories are not fully developed in every region. However, the hierarchical order provides the framework for seeing the cities and towns of different sizes as linked parts of a spatial system.

As important as the paucity of data is the fact that the city-region relationship is not as well developed in India as it is in industrially advanced countries. Since the bulk of the population is rural, depends upon subsistence agriculture and has limited extra-village economic relationships, the influence of the metropolitan city, or of any urban area for that matter, is quite weak. But this influence is increasing as means of communication improve, and modern social services and consumer goods are used by the rural people to an increasing extent. One visible result of this increase, is use by large commercial firms of the four metropolitan cities as focal points for distribution of products within the regions. Various agencies of government, and such institutions as the Life Insurance Corporation are also using these cities as regional headquarters for their activities. The smaller cities are similarly beginning to be used increasingly as focal points for distribution of products or radiation of various activities, within their respective influence areas.

The metropolitan regions may be roughly indicated as follows:

1. The Calcutta Metropolitan Region—Assam, Nagaland and the Union Territories in North East India; West Bengal, Bihar, Eastern UP, and Eastern Madhya Pradesh, except the extreme Southern portion.
2. The Madras Metropolitan Region—Madras, Kerala, most of Mysore and most of Andhra Pradesh.

<sup>9</sup>See for instance, Lastie Grean: *The Economic Hinterland of Calcutta*, to be published by Asia Publishing House, Bombay.

3. The Bombay Metropolitan Region—Maharashtra, Gujarat, Southern Madhya Pradesh.
4. The Delhi Metropolitan Region—Punjab, Jammu & Kashmir, Himachal Pradesh, most of Rajasthan, Western U.P., and Northern Madhya Pradesh.

#### *Transition Zones or Corridors*

It is useful to distinguish transition zones or corridors between the metropolitan regions. These are areas in which the influence of two metropolitan cities overlaps, *i.e.*, the advantages of obtaining services from the two cities are nearly competitive and the local people have a choice of obtaining services from one or the other city. The choices are exercised in favour of different cities at different times or for different commodities. Central UP is such a transitional zone between the metropolitan regions of Delhi and Calcutta. The transition zones are roughly indicated below, they can also be indicated more precisely when more detailed data become available:

1. Between the Calcutta and the Madras Regions—extreme South Eastern Madhya Pradesh and North Eastern Andhra Pradesh (the hinterland of Visakhapatnam).
2. Between the Madras and the Bombay Regions—the Northern fringe of Mysore.
3. Between the Bombay and the Delhi Region—Southern Rajasthan, and Central Madhya Pradesh.
4. Between the Delhi and the Calcutta Regions—Central UP.

The transition zones will be seen on an all-India map as are shaped belts of varying widths. Their northern apex is in Central UP in the vicinity of Allahabad. From this point they go southwards dividing in central Madhya Pradesh into three arcs going north-west, south-west and south-east respectively.

The metropolitan regions are units of the same size order as the macro-regions. In some cases they are very close to the zones or other commonly used macro-regions. The Madras Metropolitan Region is coterminous with the South India Region of many macro-regional schemes. The Bombay Metropolitan Region differs only slightly from the western India Region of macro-regional schemes—it includes southern Madhya Pradesh. The metropolitan regions based as they are on the economic fact of exchange of goods and services are even more useful than the macro-regions for planning, production and distribution of basic commodities. They are useful also for planning of power, transport and similar programmes. In fact they appear to be the most useful macro-units for working out the regional implications of the long-term perspective of development. The national projections of population, its distribution between urban and rural areas and among various

economic activities, of supply and demand of basic commodities and of requirements of power and transport can most conveniently be broken down in terms of the metropolitan regions. Programmes for attaining the targets of development can then be formulated with each metropolitan region as the unit. It appears also that inter-State relationships for purpose of resource development are also visualised most fruitfully in terms of metropolitan regions.

But the metropolitan regions have their greatest utility in urban planning which will have to move in the not distant future from planning for cities to planning of entire hinterlands as units. The need for adopting in case of the large cities, a sufficiently large 'metropolitan area' as the unit of detailed land use planning, and a still larger 'peripheral region' as the unit of less detailed, directional planning has, already been recognised. The 'metropolitan area' concept, first used in the Delhi Plan, is now being used in the plans of all major cities of India. Delhi Plan also visualised planning for its peripheral region which is now being called the National Capital Region. This is an area of about 400 square miles located in UP and Punjab. In case of Calcutta, the CMPO has demarcated outside the Calcutta metropolitan district a southern plan region, as the unit for less detailed, directional planning. The Maharashtra planners are already thinking in terms of planning with the Bombay-Poona region as the unit. In Gujarat, the entire strip between Ahmedabad and Surat, which is experiencing rapid urban-industrial growth, may be adopted as a planning unit. The process has to be carried further and entire hinterlands of metropolitan cities have to be viewed as planning regions. For each such region, the likely growth of the urban population can be forecast within the national perspective of economic development. This total can then be distributed in towns of different sizes located in different parts of the region. The location and size of some towns will, no doubt, be determined by such factors as distribution of natural resources and topographic conditions. Thus, the steel and heavy engineering centres of the Calcutta metropolitan region will be located mainly near the coal fields or iron ore deposits. But location and size of most of the towns in a metropolitan region can be planned in accordance with accepted policies of dispersal of economic activity and balanced regional development. Growth of local, district and multi-district centres can be planned in the perspective of the expected growth in the economy of their service areas. In fact, each such town can be built up as a focal point of modernisation of agriculture and of the rural economy, which provides a constellation of services, ranging from distribution of supplies required for modern agriculture (chemical fertilisers, steel, petroleum products, power-driven implements) to facilities of modern education, medical care and recreation. The relations between these towns and, their service areas can be improved through improvement of means of transport and communications. The more suitable among them can be developed as local growth



points by establishment of various agro-industries and other industries. Some towns can be planned deliberately as growth points to stimulate the economy of stagnant regions or to serve as counter-magnets which will relieve the pressure on large cities. As one city or area approaches saturation point, growth can be transferred to other cities or areas within the metropolitan region.

Urban planning of this kind, with metropolitan hinterlands as units, is an essential counterpart of perspective economic planning. The metropolitan regions furnish the most useful conceptual framework for such planning, because the different cities and towns within each region can be viewed as inter-linked and mutually inter-acting parts of a spatial system. □

**Appendix I****HIERARCHY OF CENTRAL PLACES IN A METROPOLITAN REGION**

1. Metropolitan city.
2. Sub-regional centre—the principal town and service centre of the sub-region.
3. Multi-district centre—principal town and service centre of a group of districts. Some of these towns are also headquarters of Commissioners' Divisions.
4. District centre—the principal town and service centre for the whole or a major part of the district. Most of these towns are also district headquarters.
5. Mandi centre—town with an established permanent market (not weekly *hat*) serving an area approximating a community development block or a taluk. It may also be the headquarters of the block or taluk.
6. Rural service centre—small town or large village functioning as a service centre for a group of villages.

# Plan Implementation : Evolution and Evaluation of Planners' Views\*

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AS THE crisis of planning in India is deepening, plan implementation is receiving increasing attention. In the present paper we survey the process of evolution of the Planning Commission's thinking on this issue. First, we present the way in which the critical importance of plan implementation has been impressing itself on the official planners. Then we piece together the several elements of implementation process as they have been viewed by the Planning Commission. This exercise enables us to characterise, in the last section, the planners' thinking in this respect as one which does not view the process of plan formulation and plan implementation being logically and integrally linked through what we call planning of plan implementation. Besides this basic limitation, we also find some other tendencies which reduce the effectiveness of plan implementation and must be related to the basic limitation mentioned above. In the course of elaborating these themes, we make a brief reference to the potential pay-off from planning of plan implementation.

## SIGNIFICANCE OF PLAN IMPLEMENTATION

Failures at the level of implementation are generally held responsible for the poor performance of the Indian economy over the decades of economic planning for development. Both the generalist and the specialist, as also the experts within the Planning Commission, make common cause to criticise plan implementation for letting down our efforts at planned economic development.<sup>1</sup> An associated view held along with this is to give a good

\*From *Indian Journal of Public Administration*, Vol. XXII, No. 2, 1975, pp. 247-259.

<sup>1</sup>Many instances can be cited. To take a few examples: See A. Waterson, *Development Planning: Lessons of Experience*, Baltimore, Johns Hopkins 1965, for many such views: M.L. Dantwala, "Agricultural Sector and Implementation of Plans", p. 97, in Pruthi, P.S. Surinder (eds.), *Management of Plans*, Ahmedabad, Ahmedabad Management Association, 1967, says: "In any critical appraisal of our planning effort, it is now almost common place to say that the gravest defect from which it suffers is the sphere of implementation. This has now been freely admitted even in official documents. The publications of the Programme Evaluation Organisation of the Planning Commission and of the Committee on Plan Projects have pinpointed the precise areas

(Continued on next page)

chit to planning policies and plan formulation in general. Thus plan implementation is made to appear as the Achilles' heel of Indian planning.

Reference is made to these shortcomings of plan implementation by the Planning Commission itself. The Third Five Year Plan report says: "These include the slow pace of execution in many fields, problems involved in the planning, construction and operation of large projects, especially increase in costs and non-adherence to time-schedules, difficulties in training men on a large enough scale and securing personnel with requisite calibre and experience, achieving coordination in detail in related sectors of the economy and, above all, enlisting widespread support and cooperation from the community as whole."<sup>2</sup> The increasing magnitude of these problems is further brought out: "As large burdens are thrown on the administrative structure, it grows in size; as its size increases, it becomes slower in functioning... Delays occur and affect operations at every stage and the expected outputs are further deferred. New tasks become difficult to accomplish if the management of those in hand is open to just criticism."<sup>3</sup> In fact, the issue seems to be quite non-controversial. A study of plan implementation in India arrived at a categorical conclusion that "critical neglect of factors relevant to successful plan implementation has largely been res-

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in which implementation has failed. The Planning Commission has taken cognisance of this and, from time to time, made suggestions for improvement in implementation. The real trouble is that in spite of all these evaluation, self-criticisms and remedial prescriptions, the malady persists; perhaps it is getting aggravated."

D.K. Ragnekar, "The Asian Dilemma", in *India and Asia, The Economic Times, Annual 1973*, p. 25. Bombay. "But Asian policy makers tend to disregard the need to bring about structural changes in society, they minimise or ignore the resource potential of institutional changes and the validity of latent productive forces. In India, for example, what is called planning is in reality half-planning—a collation of schemes of public expenditure, targets of assistance to State Governments and aid to the private sector. There is an obsession with matters financial and an enormous sector of the economy—the private sector—remains unplanned. This system of half-planning has had its own stultifying effects on the content and pace of development and change."

The contention of M. Avsenev, "Problems of Economic Planning in Developing Countries", *Soviet Review*, Vol. X, No. 46, p. 29 is strikingly relevant for Indian planning experience. He says:

The emphasis is only on the drawing up of the plan, but there is no control over its fulfilment. In other words, the developing countries detail, to a greater or lesser extent, what is to be done, but *do not consider how the projected targets can be achieved and who is to be responsible for the fulfilment of the plans*. The main reasons for the underfulfilment of the plans stem from factors connected with the multiplicity of the economic forms in these countries and the absence of State control over the key branches of the national economy. (emphasis added).

<sup>2</sup>Government of India, *Third Five Year Plan*, New Delhi, Planning Commission, p. 277.

<sup>3</sup>*Ibid.*, p. 277.

possible for failures of the plans."<sup>4</sup> On the basis of this argument the author goes so far as to suggest that 'capacity to implement' can be regarded as one of the constraints on Indian economic growth along with savings and foreign exchange constraints.

As economic planning is essentially conscious, rational decision making, it is not unreasonable to expect that if a problem has been identified its solution cannot be far behind. By about the time the Third Plan was formulated, the critical significance of plan implementation had dawned upon the planners. The problem which was understood as one of 'Reform of Public Administration' and 'Administrative Tasks and Organisation' in the First and Second Plans, respectively, came clearly to be recognised in the Third Plan as essentially one of plan implementation. This understanding underwent some improvement in the Fourth Plan and its importance has steadily increased since then.<sup>5</sup>

Notwithstanding these changes, which can be seen only as a result of a very minute scrutiny of the plan documents, the planners do not seem to have made much headway in actual practice in the sphere of ensuring more effective plan implementation. In 'Approach to the Fifth Plan' the same old pleas and platitudes with respect to plan implementation are ritually repeated without any substantive steps or mechanism for plan implementation being in sight. It says: "the Fifth Plan will be judged by the results that we achieve. There is imperative need to evolve an appropriate set of policies and procedures for implementation."<sup>6</sup> It goes on to say: "Bold initiatives are needed in institution building, policy making and the adoption of procedures to create and utilise capacities in the key and essential fields."<sup>7</sup> Thus, it can be said that there is nothing in this respect to warrant a more sanguine attitude regarding better plan implementation now than before.

#### INDIAN PLANNERS AND PLAN IMPLEMENTATION

What is the position the Indian planners have taken with respect to the question of plan implementation in the various plan documents? As we indicated earlier, in the First and the Second Five Year Plans, the problems of plan implementation surfaces as one of public administration and its re-orientation to discharge the task of development administration. The Second Plan expresses explicit doubts about the capacity of public administration

<sup>4</sup>V.G. Patel, *An Analysis of Plan Implementation in India*, Ahmedabad, Balgovind, 1969, p. 27.

<sup>5</sup>Government of India, *Fourth Five Year Plan*, New Delhi, Planning Commission, p. 107.

<sup>6</sup>Government of India, *Approach to the Fifth Plan*, New Delhi, Planning Commission, p. 59.

<sup>7</sup>*Ibid.* p. 60.

in this respect.<sup>8</sup>

It goes on to categorise "the principal administrative tasks" during the Second Five Year Plan and discusses the questions of improving integrity, economy and efficiency in administration.<sup>9</sup> Some attention is given to the problems of public enterprises. These views of the Planning Commission which tend to cover the question of plan implementation do not show an understanding of the question in the context of the overall planning process and its various steps. Had it been so, there would have been an analysis of the mechanism for obtaining performance and results from the agricultural and private industrial sector according to the plan targets for these sectors. It should also have contained an analysis of the vast distribution sector which is so highly decentralised and dispersed. Even with respect to the organisational and management problems of public enterprises, the treatment would have to go beyond the question of forms of organisation, public accountability and financial and administrative procedures. Much more relevant would have been the question of agency, criteria, methods of communication and incentives for implementation of the decisions with respect to output, assortment, methods of production, wage structure, investment, inventories, replacements and building of various reserve funds, etc. In the name of operational autonomy with respect to day-to-day management, the basic and crucial economic decisions in the operation of existing capacities could not be left to an unrepresentative and self-perpetuating bureaucracy or to the vagaries of 'unplanned' decision-making. Even in the field of public administration, the discussions and formulations should proceed not in the form of general deficiencies of administration but in the form of alternative modes of functioning of agencies responsible for specific tasks and a scheme of incentives, related to results. In fact, one may wonder whether the nature and magnitude of planned tasks squared with the existence, nature, capabilities and motivation of agencies in many fields of economic activities. Once the problem is faced in the form of a distinct step in the process of planning, *i.e.*, as the problem of 'planning of plan implementation', (which unfortunately has not been the case) one would expect all such questions to present themselves for decision-making by the planners.

True, the Third Plan inched some distance towards a better understanding of the problem of plan implementation as a multi-level process and it is recognised that "there has to be cooperation between different agencies and an understanding of the purposes of the plan and *the means through which these are to be secured.*"<sup>10</sup> It also recognises the need for effective communication and the existence of special problems regarding the private sector

<sup>8</sup>Government of India, *Second Five Year Plan*, New Delhi, Planning Commission, p. 126.

<sup>9</sup>*Second Five Year Plan*, *op. cit.*, p. 127.

<sup>10</sup>*Third Five Year Plan*, *op. cit.*, p. 276 (emphasis added).



along with those of its vast unorganised segment. Then it adds: "By its very nature, a plan of development necessarily involves the setting of targets and subsequent appraisal of fulfilment. Targets may provide useful indicators of progress, and may make for concentrated effort, but equally important are *the specific measures and policies needed to realise them and their sustained implementation.*"<sup>11</sup> As the italicised portions indicate, something which we are going to call 'planning of plan implementation' was felt to be necessary.

Realisation of targets alone is not sufficient; the measures and policies needed to realise them are also important. The question really is: What was the impact of this new understanding? Was such planning of instruments, institutions and policies undertaken? Not only one does not find any indication to this effect, but, on the contrary, there are indications of the persistence of the woolly approach.

In a booklet entitled 'The Planning Process', published officially by the Planning Commission (1964), there is a separate chapter devoted to an analysis of implementation of the plan. At one place it reads: *At no point is planning isolated from the responsibility for implementation, nor is implementation viewed as an independent responsibility which may be pursued in disregard of or in separation from the conditions laid down or accepted in the context of planned development.*<sup>12</sup> After speaking of the close mutual relation between planning and implementation, it is given out in the next paragraph, "the organisation of the Planning Commission facilitates its role as an advisory body functioning at the highest policy level *without*, however, being involved in the responsibilities of day-to-day administration."<sup>13</sup> This is a clear indication of confused thinking. Later on in the chapter there is a mixing up of the problems of plan formulation with those of implementation.<sup>14</sup> In none of the subsequent plans does one come across the results of planned means select-ing decisions.

As indicated earlier, the Fourth Plan formulation of the problem of plan implementation was one better than the earlier ones. It said: "The proper and timely implementation of plans has great importance in the planning process and is facilitated *if the necessary steps are taken at the stage of formulation itself.*"<sup>15</sup> Listing the steps which facilitate plan implementation, it goes on to add: "These include the identification of organisations entrusted with particular aspects of implementation, establishment of specific responsibili-

<sup>11</sup>*Third Five Year Plan, op. cit.*, p. 279 (emphasis added).

<sup>12</sup>Government of India, *The Planning Process*, New Delhi, Planning Commission, 1964, pp. 52-53 (emphasis added).

<sup>13</sup>*Ibid.*, p. 53 (emphasis added).

<sup>14</sup>*Ibid.*, p. 61. The list of problems of plan implementation covers such items as "coordination between industry, transport and power, location and scale of enterprises and external economies in operation, programming of public sector, issues affecting determination of wages", etc.

<sup>15</sup>*Fourth Five Year Plan, op. cit.*, p. 107 (emphasis added).

ties, determination of means or machinery through which these will be fulfilled, detailed planning for execution, development of information and control system for appraising the progress as well as taking corrective action in time".<sup>16</sup> One would like to add some more activities which fall in the category of planning of plan implementation, some of which arise because of the institutional and functional peculiarities of Indian economic planning. However, in a document embodying a concrete plan meant for implementation, one would not expect the theoretical formulation of the nature and scope of planning of plan implementation alone but *definite results* of such an exercise. As things were, no such thing was visible even in the Fourth Plan. On the other hand, the past mixing up of plan formulation and plan implementation still persists. As we indicated earlier, no breakthrough seems to be in the offing even in the approach document of the Fifth Plan.

The Fifth Plan draft is in many ways different from the earlier plans in respect of its treatment of the problem of plan implementation. While it is evident that much greater attention has been given to this aspect, owing to the realisation of its critical significance, it is difficult to discover similar gains regarding the concept and analysis of implementation. Administrative problems, mainly relating to procedures, and based on the perception contained in the reports of the Administrative Reforms Commission, constitute the central focus of the formulation concerning plan implementation. This analysis concerns the specific issues faced by the Central and State ministries and public and private sector undertakings. The main theme, of course, is how to get the projects completed according to schedule in order to meet plan targets. Going into the details of the various existing and contemplated implementing agencies, their objectives, functions, organisational structures, procedures, etc., some sort of *management manuals* are prescribed in order to rectify some of the noticed shortcomings in the functioning of these units. Thus, the Planning Commission gets involved in a process of scrutiny and correction of the specific issues of internal management of the various public agencies.

The most important global issues in the sphere of plan implementation raised by the Draft Plan are: the role of the State Industrial Development Corporations, creation of effective concurrent monitoring and evaluation system and the proposal regarding the creation of Area Development Authorities. For the rest, the plan implementation section of the Draft Plan seems to be concerned more with the preparation of management manuals for individual plan projects rather than with management of the plan. That is to say, while "the need for greater decentralisation of power and delegation of authority"<sup>17</sup> is stressed, as in the earlier plans, the actual exercise in the

<sup>16</sup>Fourth Five Year Plan, *op. cit.*, p. 107.

<sup>17</sup>Government of India, *Draft Fifth Five Year Plan*, New Delhi, Planning Commission, p. 93.

Draft amounts to central intervention in minute details about the day-to-day problems and procedures at the level of individual departments and enterprises. The Draft Plan seems to be more concerned with the management of projects individually than with the management of the plan.

It is true that all is not well with the functioning of individual departments right from Central to district levels and with the public and private sector undertakings. A great deal remains to be done about toning up their administration and management. However, everything cannot be explained by this factor. Much of the trouble can be traced back to the planning exercise in which macro policies, instrumentalities and their roles, specification of relationship between the various organisations and institutional changes and innovations are not worked out in a clear and consistent manner with a view to securing the implementation of the plan. For example, the details about the functions of non-secretariat organisations such as the Director-General of Health Services and how to integrate them more fully with the concerned ministries and departments are important for operational efficiency. However, the more important functions are determination of structural and decision-making decentralisation and determination of instructions-indicators schemes and their correlation with incentives schemes. It is in the process of answering the latter type of questions that viable and workable implementation patterns may get evolved and, given some other conditions, become operative. These questions fall in the category of what we call planning of plan implementation or management of plans. The Draft Fifth Plan completes the circle; from the earlier near non-recognition of the problem of plan implementation we now come round to the situation of attempting to take detailed operational decisions about implementation at the Central level. Earlier, it seemed to be the assumption that implementation will take care of itself. Now the pendulum seems to have swung to the other extreme; leave as little as possible, non-prescribed, for the actual executants! Our contention is that the theoretical and conceptual framework for the understanding of plan implementation is one of the important factors which is at the root of the movement in circles we have witnessed on this issue.

#### ENSURING EFFECTIVE PLAN IMPLEMENTATION

We have surveyed the position taken by the Planning Commission on the crucial question of plan implementation. We have also seen how the Planning Commission itself considers shortcomings in this field as basic bottlenecks preventing planning from becoming a really potent instrument of planned economic development. The question is: How to improve the performance of plans through overcoming the implementation bottleneck. While it may not be reasonable to pin hopes exclusively on more effective

implementation, it is our contention that a great deal can be done by bridging the chasm between plan-formulation and plan implementation through undertaking planning of plan implementation. Our main criticism of the planners' position on implementation is that it has not consciously and operationally realised the nature and importance of planning of plan implementation which is a precondition for ensuring effective implementation.

To understand the concept of planning of plan implementation and see its significance in covering the gap between plan targets and achievements, let us briefly analyse the main steps in the planning process. This will enable us to see why does there arise the need for planning of plan implementation and what will be the consequences of neglecting this exercise.

The planning agencies are expected to produce a plan document for a specified period of time which embodies concrete programmes of investment, production and resource utilisation in consonance with plan objectives. However, it is not clearly, explicitly and operationally realised that the methods, modalities, institutions, policies and their inter-relations, which will ensure the realisation of the concrete programmes contained in the plan, also need to be worked out as a part of the plan itself. The process of plan formulation consists of the three inter-related steps: (i) goals-selecting decisions, (ii) programmes-selecting decisions, and (iii) instruments-selecting or mechanism-devising decisions.<sup>18</sup>

Generally the goals-selection and programme preparation are taken to constitute the essence of planning. It is conveniently assumed that somehow the programmes prepared by the 'planning' agencies with a view to achieve given goals will be carried out by the implementing agencies. The instruments for or mechanism of implementation are to be selected by the 'implementors' and are no direct concern of the 'planners'. We argue against this position in the following paragraphs.

The process of plan formulation cannot be said to be complete unless it also makes a choice of or indicates the criteria for choice with respect to instruments, methods and agencies capable of translating the planned tasks into reality according to the decisions of the planners. This is so for a number of reasons. The rationale for undertaking economic planning will be nullified if the planned tasks are to be accomplished anyhow and irrespective of costs. The elemental, spontaneous nature of economic activities, *i.e.*, their unplanned nature, would remain in tact if plans are formulated without devising a mechanism or mechanisms for implementation.

Among the reasons why the Indian economy remains an unplanned one with the elemental, spontaneous nature of its economic activities, are the

<sup>18</sup>For this and the points which follow with respect to the concepts of "Planning of Plan Implementation" and "Plan Implementation", see, Kamal Nayan Kabra, "Role of Price Mechanism As a Tool of Plan Implementation in a Planned Economy", unpublished Ph.D. Thesis of the University of Delhi (1972), Chapter 2,

inadequacies and shortcomings amounting almost to absence of planning of plan implementation which arises, among other things, because of the confused understanding of the nature of plan implementation by Indian planners.<sup>19</sup> Since there can be a number of alternative implementation mechanisms and the adoption of any particular mechanism will involve some specific consequences, economic planning will lose a lot of meaning if these choices were left indeterminate or unplanned. True, the medium-term plan will formulate the means of implementation in somewhat general terms which will have to be concretised through annual planning which, in turn, becomes the most important prop of the government's annual budget.

The means or instruments-selecting decisions, which according to our formulation, constitute planning of plan implementation, and fall in the purview of economic planners, must be distinguished from the problems of internal organisation and management for various government departments, agencies, boards, commissions, authorities and corporations, private and cooperative agencies and joint sector units which are assigned the task of implementing various plan programmes according to the overall planning of plan implementation.

This sort of a conceptual framework does not seem to be obtaining in the Planning Commission. A paper, 'Implementation: A Conceptual Framework', published in a Planning Commission publication, says: "Planning involves: (i) identification of objective, (ii) establishment of premises and policies, and (iii) the blueprinting of a detailed plan of action in terms of manageable projects. Implementation involves: (i) programming the individual projects, (ii) actuating or providing the necessary leadership, and (iii) exerting the controls in order to examine whether work on the plan of action is proceeding as programmed".<sup>20</sup> One can easily see the strong influence of management science principles and concept on this formulation and the close affinity which it bears to the PPB (Planning Programming-Budgeting) technique. Implementation in this sense of "the blueprinting of a detailed plan of action in terms of manageable projects" involves various elements relevant for the manager of a project. These are important and legitimate questions for the personnel and agencies entrusted with specific responsibilities about plan programmes and/or projects. These programmes do not directly concern the Central planners. But there are some questions concerning overall, broad implementation mechanism (which, *inter alia*,

<sup>19</sup>Because of these inadequacies and shortcomings of planning of plan implementation, mainly because this step of the planning process is not even explicitly and clearly recognised and because there has not been in practice an effort at this stage of the planning process, one may conclude that planning of plan implementation has been neglected in Indian planning. See earlier in the present paper for an overview of Indian planners' views on plan implementation.

<sup>20</sup>Reghbir S. Basi, "Implementation: A Conceptual Framework" in *Plan Implementation*, Delhi, Publications Division, 1964, p. 29.



would specify the agencies, communication modes, incentives and inter-relations among the various agencies entrusted with plan implementation) which will have to be decided at the *whole economy level* by the planners. That is to say, there is a clear-cut distinction between deciding about the institutions, measures, their inter-relationships (planning of plan implementation) and the internal management problem of various organisations entrusted with the carrying out of their specific tasks arrived at on the basis of planning of plan implementation.

Plan targets, it is true, may not be achieved because of things going wrong either with the planning of plan implementation or with the internal management problems of various organisations. That argues for the importance of both. Yet, the two do not merge into one as a consequence of their common source for importance. One may say that, broadly speaking, planning of plan implementation involves the perception and solution of a macro-level problem with respect to the organisational structure of the economy and its various sectors, modes of communication between the planners and executant organisations. The Planning Commission's conception of implementation referred to earlier can be said to concern the internal management problems regarding structural or organisational forms, procedures, PPB, financial management, personnel policy, etc., of governmental and autonomous public organisations. All these problems are traditional management problems. We may distinguish planning of plan implementation problems from this group of questions which may be called 'management of projects' by calling our problems as one of 'management of plans'.

The concept of 'management of plans', as elaborated by John P. Lewis,<sup>21</sup> is basically similar to what we understand by planning of plan implementation. Noting the inherently centralised nature of plan formulation and the decentralised nature of implementation, Lewis goes on to say: "The question is how does the nation, or its agent, the government, get this plethora of economic actors in the system to make the investments, produce the products, distribute the incomes, serve the consumers and other end users, and otherwise perform the tasks which the plans, at least in a general way, call for them to do?"<sup>22</sup> A little further, he says: "At least in its most obvious sense, the 'Management of Plans' has to do with the means for making all of this (the Materials and Financial Balances) come about more or less on time, and in a way that is consistent with the values and institutions of Indian Society."<sup>23</sup>

Though our conception has a lot of similarity with the conception of Lewis, some basic differences crop up in following through the implications

<sup>21</sup>John, P. Lewis, "The Management of Plans: Planning Procedure", in Pruthi, P.S. Surinder (eds.), *Management of Plans, op. cit.*

<sup>22</sup>*Ibid.*, p. 114.

<sup>23</sup>*Ibid.*, p. 115.



of the concepts. Lewis considers "the process of managing plans" to be "essentially procedural, not a substantive topic."<sup>24</sup> In Lewis's conception, "managing plans by a system of indirection"<sup>25</sup> and "the advantages of the market as an engine of implementation"<sup>26</sup> play a very powerful role. To argue that choices with respect to such questions are 'procedural' matters, and not 'substantive' ones, would imply that the consequences of one or the other set of decisions about institutions, organisations, their roles and responsibilities, etc., would be consistent with "the values and institutions of Indian society" or, for that matter, with those of any other society. To put it bluntly, were the questions regarding the management of plans to be non-substantive, procedural ones only, the neglect of this aspect in Indian planning would not have seriously mattered. In such a case, it would be beside the point to blame implementation for the poor yields from planning in India. Hence, we object to this contention.

Planning of plan implementation or 'management of plans' is a basic issue, the neglect of which exercises a decisive influence on the nature, content and efficacy of Indian planning. One very important cause for the apparent disenchantment with the planning, which is linked with the basic socio-economic basis of our planning, lies in the realm of neglecting and distorting the question of plan implementation. Had the concept of planning of plan implementation (centralised, conscious, *ex-ante* decision-making about institutions and organisation of the economy) been consistently and clearly spelt out, with every plan we would have been forced to undertake an exercise about the institutional restructuring which is an essential concomitant of planning exercise. This is an exercise which has been slipped under the carpet, *inter alia*, because of the confusions regarding the concept of plan implementation itself. An obvious lesson from the experience of planned economies has not been fully and adequately learnt by our planners.<sup>27</sup>

On the basis of the foregoing, it can easily be seen that 'planning of plan implementation' and 'plan implementation' are two separate, distinct activities. Their close relationship notwithstanding, practical and conceptual separateness of the two sets of activities must be recognised. While planning of plan implementation is an economic problem for social scientists, or a

<sup>24</sup>John, P. Lewis, *op. cit.*, p. 113.

<sup>25</sup>*Ibid.*, p. 120.

<sup>26</sup>*Ibid.*, p. 123.

<sup>27</sup>In *Papers Relating to the Formulation of the Second Five Year Plan*, Planning Commission, 1955. There were papers by B.N. Ganguli, "Institutional Implications of a Bolder Plan with special reference to China's Experience" (pp. 530-550) and S.R. Sen, "Organisation and Techniques of Economic Planning in the USSR with special reference to Agriculture" (pp. 601-629) which indicated efforts in the directions of drawing organisational, institutional and instruments—relating lessons from the experience of planned economies. It is not known whether such exercises were continued later. In any case, at practical level, there was not much evidence of such an exercise.

problem of *planomics*, plan implementation belongs to the domain of public administration, business administration, personnel management or, in general, to the domain of management and technical sciences. Planning of plan implementation is the responsibility of economic planners. Even in the light of the social division of labour which has come to prevail at the present juncture, the separateness of economic planners and economic administrators is well-recognised. Hence, plan implementation does not belong to the sphere of activities earmarked for economic planners. Nevertheless, the information emanating from plan implementation forms the basic information input indispensable for the various steps of the process of plan formulation because decisions are to be implemented and the situations emerging from the implementation of decisions provide the basis and ground for further decision-making; that is to say, decision-making and implementation have intimate feedback relationships. On the basis of the preceding discussion, it should be possible to see how plan formulation and plan implementation are distinct but inter-related activities and how in the absence of planning of implementation, actual plan execution or implementation would suffer to the extent of nullifying the basic rationale of economic planning. If a real breakthrough is sought to be achieved in realising the potential of economic planning (both as determining the unifying-harmonising-framework for various macro and micro-policies and instruments and as planning itself as a micro-instrument for speeding economic development in India), then planning of plan implementation has to be undertaken. This may require that the range, scope and intensity of planning will have to increase. Consequently, the complexity and magnitude of planning of plan implementation will tend to increase. The point is that if the planning of plan implementation is undertaken even on the existing scale and level of economic planning, it will bring in two types of gains. On the one hand, the potentialities of planning will be realised more fully. This will make far more realistic target-setting and reduce the hiatus between targets and achievements. On the other hand, this process will not allow the blame for poor results being laid at the doors of implementation process (because it makes implementation more effective) and thus focus on the modest scale and level of planned effort undertaken so far, as also on the greater potential which remains untapped. Thus, in the short-run, we can have better implementation and, in the long-run, can move towards enriching the range, scope and intensity of planning to make a greater contribution to the process of economic development.

It is obvious from the foregoing that in the absence of planning of plan implementation, failures are in-built in Indian planning. Without adequate attention to this aspect, plan execution suffers and even when the targets are attained, the costs, real and monetary, may be unreasonable. In fact, the confusion between objectives and instruments, caused by the inadequacies of planning of plan implementation, will have adverse impact even on the formulation of various plan programmes because the resource base would

not be properly known and in the absence of the confidence generated by an understanding of the means for implementation, there is likely to be a tendency for setting up low targets. It is easy to see that many inefficiencies will flow from *ad hoc*, piecemeal and random choice of instruments and methods without coordinated, conscious, decision-making in this field. An evaluation of the various alternative modes and mechanisms of plan implementation will not only help in avoiding waste, duplication and bottlenecks, but may also enable the planners to discover hidden potentials for achieving the objectives of the plans.



# Political and Administrative Problems of Implementing the Indian Plan\*

H. K. Paranjape

## INTRODUCTION

INDIA'S DEVELOPMENT effort has evoked considerable attention. There are many reasons for this. India (together with Pakistan) was the first large country to attain independence after the war. India's freedom struggle was already well known and so were the aims and ideas of her leaders. Moreover unlike many other newly independent countries India retained her political stability, produced a workable Constitution and has continued to work as a democratic system. She has already held three general elections and the system has been functioning smoothly up to now in spite of various difficulties including the aggression on her frontiers last year. India was also the first amongst these countries to produce a long-term development plan and the system of planning has been working uninterruptedly since that time, the present plan being the Third Five Year Plan.

India's achievements in the first ten years of planning are not inconsiderable. Her national income has increased by about 42 per cent (per capita income increasing by about 16 per cent) during this period. The rate of savings has increased from 5 to 8.5 per cent and the rate of investment has increased even faster, thanks to substantial external assistance. The production of food increased by about 46 per cent, area under irrigation increasing by 36 per cent; the capacity for electricity production has increased by 148 per cent and industrial production by about 94 per cent. Moreover a substantial beginning has been made in the establishment of economic overheads, social overheads especially by way of large-scale expansion of health services and of facilities for general and technical education and of basic industries like steel, chemicals and machine tools which should provide the wherewithal of further growth.

These achievements however are inadequate in relation to the essen-

\*From *Indian Journal of Public Administration*, Vol. IX, No. 4, 1963, pp. 608-48.

(Text of a paper presented at the Third Annual Meeting of Directors of Training Institutes in the Field of Economic Development held under the auspices of the Organisation for Economic Cooperation and Development, Paris, at Berlin-Tegel, 9th-11th September, 1963. It will be published, together with the other papers presented, by the OECD in its series, 'Problems of Development'. It is being published here with the kind permission of the OECD—Editor.)

tial requirements of the country. It has been well recognised that over the next ten years or so, India's economic progress must take place at a rate higher than the past and that this period is going to be a crucial one in India's development.<sup>1</sup> If Indian planning succeeds in the tasks that it has undertaken there is a good possibility that a firm basis would have been laid for continuous and self-sustained economic development in the future and the democratic pattern of life will be strengthened and stabilised. But if the plans do not succeed, considerable economic and political strains will be created in the country and the future of Indian democracy may then be in jeopardy. The success of the present, *i.e.*, the Third Five Year Plan and next one or two plans is therefore of considerable significance to those amongst us who prefer democratic and orderly progress.

It has been increasingly accepted by students of economic development that while the shortage of capital and other material resources is a crucial factor for economic development, the creation and maintenance of a governmental system which can provide the basic framework and the drive for development is equally important. The political and administrative problems of planning are therefore of great significance.

The scope of the subject is wide and it is not easy to encompass it within the confines of a discussion paper. What is attempted is an indication of the more important political and administrative problems faced in implementing the Indian plan. The selection of the problems is bound to be somewhat subjective. Moreover these problems are so closely interconnected with economic, social and other factors that a certain degree of simplification and generalisation is inevitable. As the purpose of the paper is to illustrate the principal problems and the solutions that are being tried and considered for meeting them, no attempt is made here specially to highlight the achievements made in this field.

#### THE OBJECTIVES OF THE INDIAN PLAN

The Third Five Year Plan is based on a long-term perspective regarding the development of the Indian economy. This perspective is of course not rigid; it has been undergoing many changes since the formulation of the First Plan in 1951, based on the experience gained in this period and also due to changes in external and internal circumstances.

The conclusion that is now emerging about the long-term perspective plan is that it is essential to attain a certain minimum level of consumption for the mass of the population by 1975-76 (about Rs. 100 p.m. per family at 1960-61 prices). It is obvious that this is not a very high target by the standards of advanced countries. But for our people, even this would make

<sup>1</sup> See for an elaboration of this, John P. Lewis, *Quiet Crisis in India*, Washington, D.C., Brookings, 1962, Chapter 1.

a substantial increase in present standards and the attainment of at least this level is judged to be essential if the rising expectations of the people are to be satisfied and political stability maintained. This consumption level has to be attained together with building up an economy which will be able to maintain self-sustained economic growth. This would require—given the expected rate of population increase—a cumulative rate of growth which would be even higher than the rate of 6 per cent p.a. which was accepted as appropriate at the time of preparing the Third Plan. For this the net investments in the economy will have to rise from about 11 per cent of national income at present to about 20 per cent and domestic savings from about 8.5 per cent to about 19 per cent. The strategy visualised also emphasises the important role of the State, both in guiding and in actively participating in the developmental tasks and the necessity to coordinate the increase in production with greater equity in distribution. The former involves a properly, balanced development of all sectors, especially agriculture and industry planned development of the human resources—technical, administrative and managerial—and the development of an economy that can pay for such imports as it continues to require. The latter involves the elimination of the massive underemployment and unemployment in the country and equalised employment opportunities for all; these will provide the major instruments of bringing about a reduction in the existing large inequalities in the distribution of income.

### *The Socialist Pattern*

In broad terms, the twin objectives of Indian planning can be described to be economic growth and “a socialist pattern of society”. The movement for Indian independence had from its early beginnings concerned itself with problems of the poverty and backwardness of the masses. This led to the inclusion of a statement of “The Directive Principles of State Policy” in the Constitution that was adopted by the country in 1950. In this statement, it was stated:

The State shall strive to promote the welfare of the people by securing and protecting as effectively as it may a social order in which justice, social, economic and political, shall inform all the institutions of the national life.

The State shall, in particular, direct its policy towards securing:

- (a) that the citizens, men and women equally, have the right to an adequate means of livelihood;
- (b) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good;
- (c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment; . . .



Following this, in 1955 the Indian Parliament adopted "the socialist pattern of society" as one of the major objectives underlying the country's policy. It should be noted however that the objective was stated to be not 'socialism' but 'the socialist pattern'. This indicates the basically compromising and pragmatic attitude in policy formulation in India. It was explained in the Second Five Year Plan:

Essentially, this means that the basic criterion for determining lines of advance must not be private profit, but social gain, and that the pattern of development and the structure of socio-economic relations should be so planned that they result not only in appreciable increases in national income and employment but also in greater equality in incomes and wealth. Major decisions regarding production, distribution, consumption and investment—and in fact all significant socio-economic relationships—must be made by agencies informed by social purpose. The benefits of economic development must accrue more and more to the relatively less privileged classes of society . . .

The socialist pattern of society is not to be regarded as some fixed or rigid pattern. It is not rooted in any doctrine or dogma. Each country has to develop according to its own genius and traditions. Economic and social policy has to be shaped from time to time in the light of historical circumstances. It is neither necessary nor desirable that the economy should become a monolithic type of organisation offering little play for experimentation either as to forms or as to modes of functioning . . .<sup>2</sup>

It will thus be seen that the Indian approach is to bring about a revolutionary change in the Indian economy in an evolutionary manner, without any radical break with tradition. While it will have a definite direction, the speed and the methods of change will be so adjusted as to carry the bulk of the people with the programme. Indian planning has therefore continuously attempted to bring about a national consensus about the basic development strategy and even about the tactics to be adopted from plan to plan. It might even be said that the philosophy of co-existence prevails in regard to the internal economic policy also. The attempt is to evolve the new on the basis of the old and to do it in such a manner as to allow time for necessary adjustments to be made.

The ideal of equality is attempted to be pursued in such a way as to subserve economic as well as political requirements. There are not only large disparities between the rich and the poor but also between the urban and rural areas. There are also significant disparities amongst different regions

<sup>2</sup>*Second Five Year Plan*, Government of India, Planning Commission, New Delhi, 1955, pp. 22-23.

of the country. It is necessary for political stability as well as for economic development that these disparities are reduced with as much speed as possible. There is very little scope in India now for internal migration and this together with language differences make inter-regional mobility somewhat difficult. The plans have therefore emphasised the importance of "the development of resources in different regions of the country so as to spread the benefits of development as widely as possible without slowing down growth itself". The emphasis on reducing urban-rural disparities is essential because the large majority of India's people live in rural areas and if they have to play their proper part in economic development, they must gain their proper share of the national product. Because of the social institutions like caste that have traditionally existed in India, certain sections of the population have remained perpetually in a relatively handicapped and depressed condition. Indian planning therefore places special emphasis on the improvement of the conditions of these sections of the population. It will be easily seen that these objectives are not only morally desirable; they are also essential if adequate incentives are to be provided for different elements in the population to bear their proper share in the common tasks, and what is equally important, explosive forces are to be contained and political stability maintained. There is thus a close relationship between the broad objectives of the Indian plans and the necessary conditions for the attainment of these objectives.

### *The Objectives of the Third Plan*

In this context the objectives of the Third Plan are—to raise national income by about 30 per cent in five years (about 5½% p.a.), and for this purpose, to increase the rate of investment to about 14-15 per cent of national income at the end of the plan period, domestic savings being raised to about 11.5 per cent. This involves, to mention some broad targets, increases in agricultural and industrial production by 30 per cent and 70 per cent respectively, the latter involving a significant increase in the output of large and basic industries such as steel (163%) and machine tools (445%).

These are difficult enough tasks. The aggression committed by China on India's borders last year has added to the difficulties. In addition to the targets essential for development, the necessary defence preparedness now involves a further addition to some of them. While requirements of defence and development are likely to be largely complementary in the long run especially in the case of basic industries and economic overheads, in the short run they are likely to be somewhat competitive. If the consumption target envisaged for 1975-76 is judged to the absolute minimum for political stability—as many knowledgeable persons do—a much greater push is necessary in the way of economic progress. The responsibility of the state which is admittedly "the principal planner, energiser, promoter and director of the

accelerated development effort"<sup>3</sup> has increased further as a result.

### THE ROLE OF THE STATE

The five year plans in India serve the basic requirements of Indian economic development through providing a long-term perspective of growth, reducing uncertainties, underlining the crucial shortages in the economy and supporting the necessity of forced savings, the proceeds of which would be available for growth both through the public and the private sectors. The role of the state is crucial in the carrying out of the plan. In addition to deciding on the broad strategy of development, formulating detailed programmes and revising and modifying them continuously as required, the very heavy burdens that it has to carry in this scheme of things will be understood from the following list of its main tasks in regard to the plan:

1. Industry—organise and manage a large number of key projects in the field of basic industries like steel, heavy machine-building, machine-tools, heavy electricals, fertilisers, petroleum and coal-mining. Regulate, guide and assist private sector industry, large and small, in the light of plan requirements.
2. Agriculture—build up an organisational system which will enable agriculture to be carried out more efficiently and productively; arrange for increasing and timely supply of the essential inputs for increased production, and credit and marketing facilities; organise agricultural extension services.
3. Economic overheads—organise and manage power-generation projects; expand and operate the railways and the airlines systems; increase and improve roadways, internal waterway and coastal transport and regulate operations; carry out geological, mineral and other such surveys; organise public works programmes in the rural areas so as to provide employment at the same time increase essential facilities for rural development.
4. Social overheads—expand various kinds of education, training and research and especially ensure the rapid growth of training facilities for the crucial shortage categories; provide for improved health services, drinking water supply and housing, the last especially in the urban and industrial areas.
5. Maintain India's international balance of payments and for this purpose, obtain, and regulate the terms of obtaining foreign capital, expand exports and control foreign exchange transactions.
6. Ensure a price policy which will, in terms of relative prices, accord with the priorities and targets that have been set in the plan and pre-

<sup>3</sup>John P. Lewis, *op. cit.*, p. 25.

vent any considerable rise in the prices of essential goods that enter into the consumption of low-income groups; regulate markets and devise physical and/or price controls where necessary for this purpose.

7. Increase the financial resources internally available to the state from about Rs. 26 to about Rs. 47 billion; and do this in such a way that, on the one hand, the private sector is enabled and encouraged to carry out its tasks and, on the other, large income inequalities are not permitted to grow but decline.

A question is sometimes raised whether it is really necessary for the state to undertake such enormous and difficult tasks, whether economic development will not be smoother and faster if the state confines itself to the tasks of guiding and, to some extent, assisting economic activity, perhaps even taking active part in fields like education, training and research and social services, but stopping short of taking such an active part in economic life as the Indian plan requires. Without entering into an ideological discussion, it can be said that in India (outside of a few persons on the extreme fringe of the system) there is broad agreement about the role of the State in her economic growth. The organised private sector is in broad agreement with this<sup>4</sup> and most political and intellectual opinion supports this. There may be marginal differences—and such differences there are. But about the broad strategy of development and the role of the State, there is a large measure of agreement. In the Indian context, there is no practicable alternative to this.

<sup>4</sup>See for example the following extract from a statement issued by the then President of the Federation of Indian Chambers of Commerce and Industry on the publication of the Third Five Year Plan: "The size of the plan is more or less the same as proposed by the Federation and the allocation of resources between private and public sectors and between different fields of production, is broadly similar. This evinces the identity of final objectives and the purpose of planning, viz., to build a technologically mature society that will provide higher employment and better standard of living to all members of the community." The complementary role of the public and private sectors was stressed specially both by the present President of the Federation and the Union minister for steel and heavy industries at a seminar recently (August 1963) organised by the Federation on "Problems of Private and Public Undertakings". It may also be interesting to note the following from a recent (July 1963) statement of the Chairman of the Tata Iron and Steel Co. : "Some shareholders and others may have been surprised that as Chairman of the largest producer in the Private Sector, I should have gone out of my way to support the Bokaro Project (a proposed steel plant in the public sector) both in India and abroad. I am sure, however, that most people, including our shareholders, will approve of my action. India's economy and the standard of living of our people cannot grow without additional steel and it is clear that the private sector, even if permitted to do so, would not be able to undertake on its own a programme of expansion at an average rate exceeding a million tons of new capacity per year."

There are many reasons for this, the most important ones being the shortages of experienced entrepreneurs and capital for private industry, the large amounts of capital required for new industries and the long time-lag before profits can be expected, the necessity to obtain foreign credits and technical know-how and also the objective of preventing undue concentration of wealth and economic power. There are vital sectors like agriculture where without state initiative the necessary development will just not occur. However, this in no way implies full-scale public ownership even as a long term objective. Large areas of the economy including agriculture, trade, banking and small and large industry continue to be in the private and the cooperative sectors and there is no intention that these should be taken over by the state. The Industrial Policy Resolution (1956) of the Government of India, which continues to provide the guidelines of policy, makes it quite clear that while "the State will progressively assume a predominant and direct responsibility for setting up new industrial undertakings and for developing transport facilities" and while state trading may also increase, the private sector has an essential role to play and will have therefore an opportunity to develop and expand. As it has been emphasised in the Third Five Year Plan, "With the rapid expansion of the economy, wider opportunities of growth arise for both the public and the private sectors and in many ways their activities are complementary".<sup>5</sup>

It can thus be seen that the Indian approach to the role of the State in India's economic plans is essentially an operational and pragmatic one; it has arisen out of the economic and political conditions in the country and the requirements of economic growth, and enjoys a wide measure of support in the country. Instead of entering into a discussion of the merits of this approach therefore it may be worthwhile for us to accept this as a datum and to examine the problems involved in the state effectively carrying out its role in India's development plans.

## THE CONSTITUTION AND THE PLAN

### *Union-State Relations*

India is a Union of States. Under her Constitution there is a specific division of functions between the Union and the States and within their own constitutional jurisdiction one is not subordinate to the other. It needs to be mentioned however that the Indian Constitution has certain provisions which make for a federal system which is considerably centralised. Thus while the States have independent powers of taxation and borrowing, the Union Government can exercise considerable financial control over them. Most of the more flexible taxes are included in the Union list, the states'

<sup>5</sup>*Third Five Year Plan*, Government of India, Planning Commission, New Delhi, 1961, p. 7.

power to borrow is subject to the consent of the Union Government if any loans made by the Union Government to the concerned State are outstanding (which in effect means permanent control) and foreign assistance for development can only be negotiated by the Union Government. The result is that the States are heavily dependent for their plan finance on the Union Government.

Subjects of vital importance like agriculture, small and medium industries, internal communications, health and education are under the jurisdiction of the States; but there is a large concurrent list in regard to which the laws of the Union legislature can prevail and further there is a provision under which the Union legislature can legislate on a state subject provided that the Council of States (on which States have representation mainly in proportion to their population) consents to this by a two-thirds majority. The creation of all-India civil services, which are subject to the control of the Union, can be similarly decided upon by the Council of States. Ultimately, various emergency provisions of the Constitution can provide overriding powers to the Union Government if the Union finds this to be necessary.

"Economic and social planning" is a concurrent subject under the Constitution. There is no provision in the Constitution for a Planning Commission which can work for both the Union and the States. As a matter of fact the Planning Commission has been created by an executive order of the Union Government and the States have no representation on it. But because of the political authority of the Union Government's leadership (which is also represented on the Planning Commission), the general acceptance in the country of the necessity of national economic planning, the greater competence of the Union authorities and various kinds of financial inducements that the Planning Commission and the Union ministries could offer if the schemes and programmes suggested by them were agreed to by the States, they have accepted the guidance of the Planning Commission. An extra-constitutional device used for the purpose of ensuring the acceptance of the plan and providing broad guidelines to the Planning Commission has been the National Development Council which is a body consisting of the chief ministers of states, the members of the Planning Commission and senior ministers of the Union Government. It serves as the highest national forum for planning discussion. The Council has in practice embodied and given informal sanction to the underlying concept of partnership and cooperation between the Centre and the States over the whole range of development.

### *Planning in the States*

One major reason for the lack of concreteness and workability that has been experienced in important parts of the Indian plans up to now has been that the planning machinery in the States has been weak and undeveloped. The result has been that the States have not put forward realistic plans of their own; they have mainly contented themselves with asking for larger



plans (with more of Central assistance) or particular preferences in locations, etc., and it has been relatively easy to meet such difficulties through negotiations and compromises. But this situation is not likely to continue. In the interests of more effective planning it is essential that State Governments should develop proper machinery for planning. This has already been emphasised by the Planning Commission<sup>6</sup> and special planning agencies are being increasingly organised in the States. As a result of this, the planning process is bound to become more complex. While in the interests of overall national development, the Planning Commission and the Union Government should be in a position to have the last word (and this they can have because of financial as well as constitutional factors), they will have to give much more thought to the diversity of conditions and requirements in different parts of the country in formulating plans. In dealing with State plans and programmes, the Planning Commission will have to rely much more on drawing up common criteria and principles and much less on bargaining and *ad hoc* decision making.

Some of the difficulties in pursuing proper plan policies have arisen because of the failure up to now to produce long-term development plans for States. Thus the reason for competitive demands from States for location of large industrial projects within their territories irrespective of the economics of the location, which are a source of trouble especially in the public sector, is the States' failure to build up a long-term projection of their development pattern. As the Third Plan points out: "...not all regions can offer equally favourable conditions for the development of industry. It is also possible to overestimate the significance of the location of large industrial units in relation to the living standards of the population...."<sup>7</sup> It is clear that this kind of rational approach will be accepted by the states only if they have before them a long-term programme of development which will indicate the better alternatives for them to pursue. As Pitamber Pant has pointed out:

It is very difficult to carry conviction to people whose interests are at stake with the simple argument of national interest where thinking is confined to a short horizon of time and the alternative of letting the project go is to have no project for the region at all. But the proposition would be seen in a different light if the needs of different regions were to be clearly anticipated in a perspective plan of say 15 years so that people of every region are able to find their own place in an overall and region-wise design of development, with activities spelt out in space and over time. There could then be a reasonable chance to persuade them to wait their turn in respect of their own share of projects which would be both

<sup>6</sup>*Third Five Year Plan, op. cit.*, p. 289.

<sup>7</sup>*Ibid.*, p. 143.

to their benefit and to the benefit of the nation, instead of clamouring for others manifestly unsuited for their region. In this way regional and national interests could be reconciled. In our special situation, with regional and local loyalties increasingly pressing against national loyalties such reconciliation brought about on a rational plane is all the more urgent.<sup>8</sup>

It is for this reason that the Third Plan emphasises the importance of drawing up long-term development plans, not merely in broad national terms but for regions. That is an important reason for the emphasis it places on the improvement of the planning machinery in the States. From the time of the First Five Year Plan, the importance of helping balanced regional development has been recognised and various policy-measures adopted for the purpose. But all this could not add up to much. Such data as are available show that regional per capita incomes even now show quite large disparities. This was inevitable because even the collection of regionwise data about economic trends and potentialities has only been taken up recently. A great deal of work is now being done to correct this deficiency. This will considerably increase the possibilities of realistic state-planning and the possibility of friction between the Union and the States will not then pose much of a threat to successful planning.

While the Union Government, as mentioned above, has been able to obtain the support of the States in regard to the plan and the broad policies that follow from it, it has not been equally successful in ensuring that the States in practice actually carry out their share of the responsibilities and tasks under these. This has been due to many reasons the most important of which has been the lack of clarity or concreteness in the plans or policies. This is true for example about food policy or even agricultural policy. In some cases, the problem has been the fear of political difficulties on the part of the State Government or its lack of conviction regarding the policy even though for convenience lip sympathy is paid to it. This has been the cause of many lapses on the part of States to carry out land reform measures with necessary care as suggested by the Planning Commission. Even in regard to schemes for which a substantial part of finance was provided by the Union Government, it has not always been possible to ensure that these are carried out in the proper spirit and with a view to attaining the results expected. In the earlier years of planning, this was attempted to be checked through insisting on close and detailed control by the Union authorities. But as this was found to be too rigid, and affected plan implementation adversely, a greater degree of flexibility has been permitted in recent years. This was no doubt necessary.

<sup>8</sup>P. Pant, *Some Thoughts on Perspective Planning* (Mimeographed), August, 1962.

In matters like land reforms, development of cooperative and other institutions, etc., some variation of pattern and speed are inevitable because of the diversity of conditions in different States and all the Planning Commission can do is to evaluate what is happening and bring it to the notice of the authorities and the public. This is already being done through reports of the Programme Evaluation Organisation, the Committee on Plan Projects, the panel on Land Reforms, etc. However in cases where a lapse on the part of a State is likely to create serious difficulties in the overall implementation of the plan, it is necessary that the Union authorities should exercise a more direct and vigorous control. This would require not so much any legal or constitutional change as clearly stating what is expected, a reporting system which will indicate in time the possibilities of failure and willingness and courage to make an erring state mend its ways, through such sanctions as are available. The Union authorities are now trying to bring about an improvement in the first two of these requirements; the third of course requires a political solution.

One important factor that makes for smoother working of Union-State relations in planning as in other fields is the existence of all-India services. The fact that many of the top officials both in the Union and the State Governments belong to a common service—the Indian Administrative Service—is of considerable help in this respect.

### *Democratic Structure*

The Constitution guarantees the fundamental rights of citizens, such as those regarding personal, religious and political freedom, equality before law, and freedom to pursue any profession or occupation. The right to acquire, hold and dispose of property is guaranteed and it is further laid down:

No property shall be compulsorily acquired or requisitioned save for a public purpose and save by authority of a law which provides for compensation for the property so acquired or requisitioned . . .

However, the basis of compensation is a matter that is left to be decided by the legislature. Further, when this right is found to come in the way of the carrying out of a basic economic or social policy, as was the case in respect of legislation for the abolition of landlords' rights and for the protection of tenants, the Constitution has been suitably amended. The Constitution provides for the enforcement of the rights of citizens through an independent judiciary. Adult suffrage is guaranteed under the Constitution.

The Indian Constitution is a written document but amendment of the Constitution is relatively easier. In this and other ways it provides enough flexibility for a society that wants to carry out a planned but rapid change in its economic and social system. On the other hand, it provides a basic

structure which helps political stability which is essential to economic progress. The rights about property and occupation make it possible for the private sector to function and develop according to its own logic. The partial autonomy guaranteed to the States which represent significantly diverse linguistic groups (though there is a basic unity underlying this diversity) helps to ensure that the interests of all the groups in this large country receive adequate attention. The political freedom and the democratic framework make it possible for different sections of the population to organise for the redress of their grievances and to that extent, a sense of confidence in following the rules of the democratic game is being created. With the enormously difficult tasks that India faces there are many potential and actual sources of dissatisfaction which, unless properly channelised, can lead to an explosion. The constitutional structure seems to be essentially fitted to prevent such an occurrence.

### *The Cabinet System*

India has adopted the parliamentary and cabinet system of government. The entry to the top positions of the State hierarchy is only through the legislature and the stability of government depends upon the continuing support of the legislature. While this system has proved itself in older democracies, India is a somewhat unique case of a federation with a large number of constituent states, trying to plan its economy and doing this under a cabinet system of government both at the federal and the State levels. The cabinet system normally involves a greater sense of equality among its members *vis-a-vis* their leader than would be the case in a presidential system. A greater degree of consultation is necessary and a minister, however marginally concerned he may be with a particular subject, can always manage to delay if not modify a decision that he does not like. Where a problem involves consultation between the Union and one or more States, this consultation and delaying process can occur at both these levels. This may be aggravated by the possibility that the prime minister may not always have a genuinely free choice about whom to include in his cabinet. Even the prime minister of India, with a political standing that puts him head and shoulders above others, recently said that in a 'mixed' country like India, one cannot avoid having somewhat 'mixed' cabinet. This is even more so in the States where almost invariably the party is divided into functions. The presidential system, with decision-making power concentrated ultimately in the hands of one chief executive who derives his authority directly from the people, may perhaps have been more useful especially for implementing a plan. Another reason why such a system may be more attractive is that a chief executive who has to rely on continuous support of his legislative party for continuance in office may find it more difficult to take decisions with speed and to decide in favour of policies which may hurt particular interests or otherwise prove unpopular in the short term but

whose beneficial effects can be seen in a few years' time. The weakness of some of the State Governments in decision-making and in carrying out seemingly unpopular measures for plan implementation to some extent arises because of the fact that they are not certain of receiving continuous support of their legislative parties. There has also been a demand arising in India from time to time for a 'government of talents' for the effective implementation of the plan. But this is much more difficult under a cabinet system than under a presidential system. On the other hand, there is a greater possibility of a deadlock between the chief executive and the legislature under the presidential system. This is too large a subject to be further explored here—but it indicates the kind of problems that arise because of the adoption of economic planning which could not be adequately foreseen at the time of Constitution-making.

### POLITICAL PROBLEMS

While a distinction may be conceptually drawn between political and administrative problems, in practice it is well known that these overlap to a considerable extent. However for convenience we would divide the problems into those which are predominantly political and those which are predominantly administrative.

#### *Continuity in Plan Policies*

The first essential requirement of economic planning in any society is *continuity in basic policy*. It is true that some degree of continuity is inevitable because the decisions taken today are bound to determine the subsequent situation for many years to come. But unless some degree of certainty about the broad strategy of development that underlines the plan is guaranteed, undertaking of plan programmes of a long-term character is bound to prove somewhat difficult. In some crucial sectors of the economy there are bound to be long time lags between initiating work and the successful completion of a programme. Institutional and organisational reforms of a fundamental character which are essential for economic growth similarly take a long time to be carried out. If there is much uncertainty about the continuance of such basic policies at the time of every election, the process of development is bound to be significantly interrupted every five years, with a gap of one or two years before progress commences again. This is bound to be a hindrance to planned economic progress.

Fortunately in India this problem is not troublesome at present and it does not seem as if it will create much difficulty in the future. The first reason for this is that because of various factors, one political party continues to have overwhelming support in the country and this continues without any denial of rights to opposition parties. This is indicated by the fact that the opposition parties together could muster slightly greater elec-



toral support in the last election than the ruling Congress party. The institution of single-member constituencies is an important factor which helps stability of government. It is true that the Congress majority is not stable in some states, that even where it is stable the party is divided into factions and some people have an apprehension that similar factions may divide the party at the Centre when the present charismatic leadership is removed from the scene. But it seems fairly certain that the different factions in the ruling party are not based very much on any basic conflict regarding policies, and that the broad strategy of the plan is acceptable to all of them. Such factions may however have an adverse effect on plan implementation because of a lack of clear and forceful direction from the political executives.

The fact that the ruling Congress party includes a very wide spectrum of opinion and ideas at all levels has also led to difficulties in clearly laying down policies and in carrying them out. To maintain unity among all these different elements, compromises have to be made and these many times are of a verbal character which represent no clear understanding about concrete policies and programmes. This is more serious in the case of the Congress party because it is in power all over the country. Because of the failure to arrive at workable and clear conclusions, there is considerable disparity between the policies and objectives laid down and accepted in the plan and the actual administrative decisions and implementation. The history of land reform policies is replete with instances of this.<sup>9</sup> Similar is the history of food policy. Despite the definite policy indicated by the Planning Commission in its "First Five Year Plan—Draft Outline" for the maintenance of the basic system of food control and its reiteration of this approach in the final report of the Plan, a policy of decontrol was accepted in 1952 and even though the policy decision was to maintain the organisation for control intact, in actual practice most States went ahead with full scale decontrol and dismantled the organisation. Since then various policies have been discussed and the principle of building up a machinery for stabilising prices adopted. The implementation of that policy has been considerably weak because of a lack of clarity at the top and the reluctance of those in authority either at the Union or the state levels to carry out the measures required for it. The principle that the well-to-do sections in the rural areas should be required to contribute more to development resources has similarly been accepted but most states have been reluctant to take effective steps for implementing it. Thus while the fact that one party dominates India's political life is useful for ensuring the acceptance of the broad development strategy underlying the plan, the nature of that party makes effective implementation difficult.

<sup>9</sup>See Planning Commission, *Progress of Land Reform*, New Delhi, Government of India, 1963.



As regards the opposition parties, most of them support the basic strategy underlying the plan and its principal objectives and methods. This may be considered to be a single success of the planners. The main controversies raised by the opposition parties centre around issues which can be classified as follows:

- (i) marginal issues which can be politically useful for election purposes but do not really touch the core of the Plan; demands for nationalisation of particular industries may be said to belong to this category;
- (ii) distributional problems; about the principal objectives of long-term policy, there is no controversy but there are large differences regarding short-term measures of taxation, etc.;
- (iii) disparities between regions give rise to considerable controversy especially as there can be major differences as to the effectiveness and adequacy of the measures that are proposed for meeting the problem; and
- (iv) efficiency of implementation is quite naturally questioned and attacks are made on the ruling party for alleged inefficiency of the government in this respect.

Thus party controversy mainly does not touch the core of the Plan. This is not quite fortuitous. The Planning Commission and the Union Government have tried to ensure that the Plan gets acceptance as a national and not a party document. There is a Parliamentary Consultative Committee on the Plan on which are represented all the major parties in Parliament and regular information is supplied and consultation held with this Committee especially at the time of the formulation of the five year plan. The draft of the plan is also widely circulated, comments are received from various organisations and individuals including representatives of the private sector, and these are considered before finalising the plan.

The basic strategy of the plan has from the beginning shown an awareness of the necessity to carry different sections of the people with it. That is one reason why so much emphasis is given in the plans on policies for reducing inter-personal and inter-regional disparities, amelioration of the difficulties of specially distressed sections of the population (special notice was taken, for example, in the first plan of the problems of persons who were displaced at the time of partition in 1947) and on measures for providing employment to the underemployed and unemployed and even specially vocal sections of these like the educated unemployed. When it is felt that there is a certain change in the atmosphere, the relative emphasis in the plan is suitably changed. The most significant example of this was the adoption in 1954 by the Congress party, and following it, the government and the Planning Commission of the 'socialist pattern of society' as

an objective of economic policy and planning. The opposition parties even accused the Congress party and the prime minister of stealing away their clothes; but they could not quarrel with this change. The Planning Commission's formulation of objectives and policies is so reasonable and it is so worded that almost everyone finds that his ideas are mirrored in the plan documents and this helps the overall acceptability of the plan in the country as a whole.

### *Conflict Between Compromise and Concreteness*

This attempt at compromise however is also responsible for the lack of clarity and operational workability in significant parts of the Plan and creates special difficulties in plan formulation as well as implementation. The nature and composition of the Planning Commission is to some extent responsible for this. While the close association of the prime minister and other senior ministers of the Union Government was undoubtedly helpful in lending importance and authority to the Planning Commission, its failures in arriving at clear and workable policy decisions are also due to this. The acceptance in principle of the Plan does not seem to lead to enough concrete commitments to programmes and policies because of the somewhat fuzzy nature of the thinking in the document. There has been considerable discussion in the country<sup>10</sup> whether it may not be better to have a Commission which is genuinely and purely a technical expert body which places before the country the principal alternative choices and then works out the implications of the particular choice made.

The problem is complex, many weighty arguments can be posed on both sides and it is not easy to decide on which side the balance of advantage would lie. One effect of the present policy as it affects party controversy as well as plan implementation may be specially emphasised here. The published work of the Planning Commission does not provide material about the limited number of alternative choices and their implications. It provides material on the alternative chosen and it is difficult for any outside body or individual to come out with another alternative. Moreover, as mentioned above, even the final plan document to some extent tries to "provide something to everybody"<sup>11</sup> in the sense that everyone can find some of

<sup>10</sup>See Estimates Committee, Twenty-first Report on Planning Commission, (2nd Lok Sabha) 1957-58, Lok Sabha Secretariat, New Delhi, April 1958; also D.R. Gadgil, "The Role of Planning Commission in Indian Planning" in his *Planning and Economic Policy in India*; Poona, Gokhale Institute, 1960.

<sup>11</sup>Cf. "The final drafts of democratic political documents—especially of legislative programmes—have an inherent tendency to become blurred. This is one of the costs exacted by the process for organising consent in an open society, and India's Third Five Year Plan has paid in full measure. The Third Plan is a considerably blurred document. Its language is frequently fuzzy and equivocal; it tries to put the best foot forward in all directions; it strives to provide something to everybody." John P. Lewis, *op. cit.*, p. 112.

his ideas included together with others of quite different—almost contrary—character and therefore it lacks clarity and concreteness. This is due to various reasons—lack of data, lack of competent expertise, the dominance of non-experts and the convenience of presenting a compromise document; but the result is that the document includes concrete operational programmes together with broad policy guidelines and pious platitudes. That is an important reason why it is so common that various parties, including important sections of the ruling party, agree with the Plan and still baulk at supporting particular measures which are essential for its implementation.

Up to now the discussion on a new Five Year Plan and national general elections have coincided. While there has not been much of an electoral battle about the plans, the ruling party has quite naturally staked its claims on them. But because real alternative choices are not clearly presented by the Planning Commission, parties can get away with false battle-cries and the electoral process has not sufficiently served to create public awareness about the implications of the plan-choices. Many of the difficulties that we face in India in implementing the plan, especially in regard to measures where special burdens have to be borne by various sections of the community, arise out of this failure to create public knowledge and awareness. If the planning process is so organised as to evoke genuine public discussion about alternatives, false battle-cries of political parties may give way to controversies about really important alternatives—faster (6%) or slower (4%) rate of growth, for example—and as the main implications of the alternatives will be known, parties will be committed for more concretely than they now are to the implementation of the plan.

### *Political Leadership*

An important task of political leadership in a developing society is to interpret people's urges and aspirations to the planners and to see that the plans that are formulated are set to satisfy these to the best extent possible, to interpret plans to the people so as to obtain popular support and cooperation for the implementation of the plans and to evaluate the actual effects of the plans from the point of view of the people. For this a political leadership which is bold and imaginative but which has its ears near the ground is necessary. It is also essential that it should have sufficient intellectual sophistication to understand the implications of the development strategy and qualities of creative leadership for evoking popular response. India has been fortunate in having had a few top leaders with clear understanding of popular aspirations and a vision about the strategy necessary to meet these aspirations. But in the older leadership there have also been some who have shown no such understanding and who lack the necessary intellectual sophistication. The old generation leadership also suffers from inadequate experience of concrete administrative management. The number of persons with experience of administration, management of technology drawn into

this leadership has been very small. The result has been, at the higher levels, overmuch emphasis on generalities with inadequate attention to concrete tasks. There has also been in recent years an increasing gap between the top political leadership and the mass of the people.<sup>12</sup> But there are signs of a new kind of political leadership arising. This leadership has grown up mainly in the post-independence period. Many of these persons are not very sophisticated intellectually but they have their ears near the ground and are conscious of the importance of winning elections under adult franchise and they cannot rely upon the charisma of the freedom struggle. It is true that this leadership has many times up to now used caste, religion and language issues for the purpose of obtaining political support. But that is mainly because these were the only issues they could think for obtaining electoral support. If the other issues of greater importance to the welfare of the people are open for genuine discussion, leadership of this kind may adopt them and this is likely to be of significant use in a genuinely welfare-oriented plan such as the Indian plan is.

### *Rural Revolution*

Another major role that political leadership has to play is in bringing about the revolution in the rural areas that is an essential part of the Indian plan. The broad policies required for bringing about this revolution are well known and properly emphasised in the plan. The main difficulty in this respect has been organisational. There has not been adequate leadership either political or administrative for carrying out the structural and institutional reforms necessary for this purpose. No political party has as yet succeeded in creating cadres who will be capable of and interested in carrying out such tasks. The new institution of *Panchayati Raj*<sup>13</sup> has revolutionary

<sup>12</sup>Cf. "(There is) an insufficient appreciation and knowledge of conditions in the field on the part of those in ultimate authority. The extent of this may be best illustrated by the fact that it is possible for highly-placed persons in Delhi to talk about a social revolution brought about in India by community projects. There are no signs of even an impending large change anywhere in the country." D.R. Gadgil, *op. cit.*, p. 56.

<sup>13</sup>*Panchayati Raj* is the name by which the newly established institutions of decentralised democracy are known in India. The basic principles of the system are:

- "(a) It should be a three-tier structure of local self-governing bodies from the village to the district, the bodies being organically linked up.
- (b) There should be genuine transfer of power and responsibility to them.
- (c) Adequate resources should be transferred to the new bodies to enable them to discharge these responsibilities.
- (d) All developmental programmes at these levels should be channelled through these bodies.
- (e) The system evolved should be such as will facilitate further devolution and dispersal of power and responsibilities in the future."

See *A Digest on Panchayati Raj*, Government of India, Ministry of Community Development and Cooperation, New Delhi, 1962, p. i.

implications from this point of view. It creates the possibility of local political leadership enjoying both the authority and the responsibility for carrying out rural development. A possibility has been created of genuine inter-party competition in providing leadership and drive for this programme. There is a good chance that this will provide the impetus necessary for rural development. But this depends upon how the political parties concerned—and specially the Congress party—organise themselves for making use of this new institutional framework. In spite of land reforms, significant inequalities and land holdings and income continue to prevail in the rural areas. The backward castes are also generally among those holding the smallest and poorest holdings and the traditional caste hierarchies are still quite strong in rural areas. Unless considerable care is taken to see that these poorer and backward sections enjoy a proper share of power in these local institutions, the plan objectives of increasing total production and securing more equitable distribution are unlikely to be furthered. The other danger in the case of these institutions is that unless the political parties take care to select their workers and train them properly, their lack of sophistication and experience is likely to create friction between them and the administrative and technical personnel which is to work with them. Realising the limitations of his functions and not interfering with the proper field of the administrative personnel is bound to be more difficult for a political worker who is newly entering into a position of political power. There are already some indications that this is happening. On the other hand, steps are increasingly being taken to organise study-camps and courses for the newly elected officials of these institutions. If these are effective, the possibility of a troublesome transitional period may be minimised and the *Panchayati Raj* institutions may be able to succeed in the great but difficult task that is set for them.<sup>14</sup>

### *Politicians and Civil Servants*

An important problem that specially arises in new democracies is the relationship between the politician-ministers and the administration. This

<sup>14</sup>Cf. "Recent legislation establishing panchayati raj institutions as, in the last analysis, a product of the belief, first expressed many years ago, that under conditions of democracy, the maximum development will be achieved when responsibility is placed upon the people and their representatives, and local communities, groups and individual families are directly involved in the developmental effort... What was initially a set of acceptable assumptions is now seen as a series of questions to which satisfactory working answers have yet to be found. While it would not do to fetter the discretion and judgement of democratic institutions unduly, it remains yet a matter of first importance that there should be planned development capable of resisting factional pulls and pressures, and that the strength of local institutions should make it more, rather than less, possible to achieve important national goals." Tarlok Singh, "Administrative Assumptions in the Five Year Plans", *Indian Journal of Public Administration*, Vol. IX, No. 3, July-September, 1963, pp. 336-343.

is even more important in a planned economy where the State has a large number of key functions to perform. If a minister does not realise the distinction between his role and that of the civil servant, interferes in executive and administrative matters instead of confining himself to laying down main policies and checking on their execution, does not support his subordinates and own up his responsibility when things go wrong and discourages impartial and objective advice and only looks for that which supports his pet notions, administration is bound to suffer. Political pressures in making appointments and promotions, in the award of contracts and licences, in the decisions on taxation cases, in deciding on the policy to be pursued regarding trade unions belonging to opposition parties, in deciding on the location of industrial projects, etc., are bound to affect plan implementation adversely. To some extent, in a new democracy, these difficulties are inevitable and Indian experience shows that as the politicians settle down and gain experience, they tend to mend their ways and show increasing awareness of the importance of observing their proper limitations. It is even more important to note that correctives to these errors are built in a democratic system. However small, an opposition has a sobering effect. There has been an awareness right from the time of the First Five Year Plan<sup>15</sup> of the necessity to establish proper traditions in this respect. However, as Tarlok Singh has pointed out, "Remedies (in matters like these) are not easy to suggest, much less to enforce. Part of the answer may lie in suitable conventions being laid out, both at the political level and at the level of the administration. Another part of the answer may be to place certain key activities in the hands of Boards or Commissions or other authorities which can function largely on their own and enjoy internal autonomy."<sup>16</sup>

### *Semi-autonomous Bodies*

This last remedy is already being used over a wide area of governmental operations. Most of the new programmes and activities that the government has undertaken under the plans in fields like finance, transport, irrigation, power, mining, trade and manufacture have been entrusted to different kinds of semi-autonomous authorities. This, however, has not effectively solved the problem up to now because of inadequate delegation of powers to these authorities, officials in the ministries or departments and occasionally even fellow-politicians of the ministers serving on boards as members and the appointment of top executives on these boards from amongst career civil servants. These organisations have also been subjected to the traditional kind of treasury control and the property audit of the Comptroller and Auditor General. The legislatures, like ministers, have been over-

<sup>15</sup>*First Five Year Plan*, Government of India, Planning Commission, New Delhi, 1951, pp. 111-112.

<sup>16</sup>Tarlok Singh, *op. cit.*



conscious about the accountability of these organisations and have sometimes attempted to probe into details of their working. But the difficulties that arise due to this kind of control and interference in the efficient functioning of the undertakings are being increasingly recognised. One of the most severe indictments of this kind of interference was made by a committee set up by the Congress party<sup>17</sup> and presided over by a senior cabinet minister. As a result of their report, as well as various other studies that have been carried out, a number of changes are under way in respect of these boards.

### *Controls and Corruption*

An inevitable result of the type of economic planning adopted in India combined with a mixed economy is that the government has to exercise various kinds of regulations and controls on the economic system. These take the form of licensing of new industrial establishments, foreign exchange control, control over the production, supply and prices of scarce commodities, etc. Such controls are essential in an economic system which is being developed according to a plan and where severe shortages exist in respect of important resources. The power to regulate is bound to be vested in administrative officials who are in the final instance subject to the control of politician-ministers. Abuses are possible and to some extent inevitable and this leads to allegations of political and personal corruption. If widespread, such allegations, and popular belief in them, can lead to considerable demoralisation, inefficiency and political instability. To the extent that the controlling powers are abused, their purpose is lost and plan implementation suffers.

There has been persistent criticism of government in India on this score and popular belief in these allegations has been on the increase. Such abuse of power partly arises because of confidence in the ruling party about their continuance in power. This can only be removed by a political corrective. This is possible in a democratic system and the ruling party in India is showing an increasing awareness of this. It also needs to be noted however that this matter has been exercising the minds of planners and administrators for some time now and various steps are being taken to reduce the possibilities of abuse and corruption. The Planning Commission has suggested a number of measures for preventing corruption<sup>18</sup> and some of these have been accepted by government.

<sup>17</sup>*Parliamentary Supervision over State Undertakings*, Report of the sub-committee of the Congress party in Parliament (New Delhi) 1959. Also see *Administrative Problems of State Enterprises in India*, Indian Institute of Public Administration, New Delhi, 1957.

<sup>18</sup>*First Five Year Plan*, *op. cit.*, pp. 115-118, *Second Five Year Plan*, *op. cit.*, pp. 127-129,

While certain kinds of control are inevitable in an economy like India's, not all controls belong to this category. The area over which control is exercised and the nature of controls need to be continuously kept in review. Controls once established tend to continue even if the situation changes significantly. Moreover, unless the area and nature of controls are related to the administrative talent that government can spare for the purpose, in trying to attain perfection the basic purpose of the control may be defeated and various distortions may be created in the economy. Considerable thought is being given in India in recent years to this problem. The two major conclusions that are emerging are:

- (i) wherever possible, clear guidelines of policy should be laid down so as to reduce the area of pure discretion and also indicate to the parties affected by the control what they can expect;
- (ii) the area of control should be reduced as far as possible and the price mechanism should be relied upon more and physical allocations less. A recent report by a committee that was appointed by government to examine the problem of steel control has strongly supported this line of thinking and this seems to be gathering increasing support in government as well as business circles.<sup>19</sup>

### *Foreign Aid*

One problem of Indian planning in which political policy has played a crucial role is that in respect of foreign aid. At the current phase of India's economic development, the import content of her development plans is high. Our traditional exports cannot increase rapidly and the development of new export items takes time. The trade restriction policies of some of the advanced countries also come in the way of quicker increase in exports. This is an important reason why Indian planning aims at creating production capacities on an adequate scale in the next two decades for meeting crucial growth requirements internally. This does not however solve the immediate

<sup>19</sup>A Preliminary Report on Steel Control (Mimeographed), New Delhi, 1963. The Minister for Steel and Heavy Industries recently observed, "(The) most important problem that industry faces in this country today can be summed up in one phrase—'Controls in detail'... Many of these controls may have served useful purposes in the past but they become too cumbersome and detailed for a developing industrial society such as ours... We have, therefore, to think seriously about altering our framework of detailed controls and reducing the multiplicity of points and levels at which they operate. We must examine the totality of aims attempted to be achieved by the control mechanisms, how essential these aims are and how best such aims as are essential can be served by a set of alternative procedures, which minimise the irritations and delays which are endemic in the present system." (Inaugural address at the Seminar on *Industrial Problems in the Private and Public Sectors in India*, New Delhi, 6th August, 1963.

problem of scarcity of foreign exchange for importing equipment for important projects. Hence the importance of foreign aid. Foreign assistance is also necessary for meeting the deficiency in technical know-how.

While we have had and continue to have serious difficulties regarding obtaining adequate foreign aid to meet our development needs, our difficulties have somewhat eased by the fact that we could obtain aid from multiple sources. Private capital, foreign governments—both from the 'western' and the 'eastern' groups of countries—and international agencies have all contributed. This has been specially useful from the point of view of developing various sectors of the economy because aid for certain sectors could be available from one source but not from others. The political stability in India, her record about honouring her financial commitments and the policy of friendship and non-alignment that she has tried to pursue, all have made a significant contribution to achieving this result. The fact that the Indian people have been undertaking increasing development efforts on their own and the continuous improvement in our planning also seem to be increasingly appreciated by the aid-giving countries.

#### ADMINISTRATIVE PROBLEMS

##### *Shortage of Personnel*

It is well known that one of the crucial shortages faced by a developing economy is that of technical, managerial and administrative talent of carrying out various development tasks. As far as the technical talent is concerned, its basic importance has been well recognised in India, especially since 1956, and considerable expansion of facilities for technical education has been carried out. It is expected that the supply and demand at the fresh-graduate level will balance within a few years. Of course, the scarcity of mature and experienced technical personnel cannot be met within a short time, but steps are being taken by way of accelerated development of personnel to meet this to some extent. A significant part is being played in this respect by the training programmes for building up personnel with specific technical and professional skills and knowledge that are being organised by industrial and business units and especially by new units in the public sector. These require large numbers of persons with training that was up to now hardly available in the country; many times one of the first steps taken in the construction of a new industrial project has been to set up an elaborate training programme for newly recruited personnel. The chain of national scientific laboratories that has been organised in the last decade is also of potentially great significance not only because important research projects are being undertaken in them but also because a large number of young scientists are being given opportunities for developing their talent.

As regards administrative and managerial talent, while it is true that the situation in India has been better than that in most other underdeveloped

countries, the scarcity is still considerable. As seen above, the functions of the State are rapidly expanding but there is a shortage of personnel with knowledge and experience to carry out these functions. The non-governmental sector cannot very much help in meeting this scarcity, partly because considerable expansion is taking place there also, and partly because this sector had not developed very much before independence. It is necessary therefore: (i) to recruit, train and rapidly promote all available talent, (ii) to get better work out of existing talent through appropriate policies, and (iii) to relate the programmes and plans to the expected availability of talent.

### *Disparities in Compensation*

One difficulty that the government faces in obtaining and retaining good talent, especially in the short run, is the disparity in the rates of compensation in the governmental sector and the large organised private sector. This is due to the influence of egalitarian ideas in the country. From before independence, the high salaries of civil servants was an important point of criticism levelled by the nationalist movement against the British and this combined with the increasing influence of socialist ideas, has led to the fixation of civil service salaries at a level somewhat lower than those prevalent before independence. There is no doubt that under the British rule, a pattern of salaries for the higher civil services was set which was quite out of keeping with the general economic situation in the country. This was done because a substantial proportion of the officers was British and these had to be paid high enough salaries to attract them for service in India. But when the services began to be Indianised, the same salaries had to be given to the Indians in order to show that there was no discrimination. The earlier business concerns established in India were also British-owned and managed and they similarly set up for their higher level personnel a salary pattern suitable to attract British personnel. Thus the level of compensation for high level personnel in India before independence had come to be related to that in advanced countries rather than to the requirements under Indian conditions.

In the period since independence, private business, both foreign and Indian, has expanded considerably. The level of high salaries in these, especially the former, has been related to that prevalent abroad. Under the Industrial Policy adopted by government, considerable scope has been given to the private sector and government has fought shy of attempting to control the emolument in that sector. On the other hand, with the influence of egalitarian ideas in the ruling party and the country, government could not permit comparable salaries to be paid in the public sector. All that it could do was not to accept the demand for any significant lowering down of the

highest salaries. As a commission<sup>20</sup> appointed by government for examining the question of salaries of government servants pointed out, since 1948, the relative position of salary earners in the higher income brackets in the public and private sectors has changed radically and a very large increase has occurred in the number of salaried persons in the private sector earning over Rs. 40,000 p.a.

It has been increasingly obvious that this trend was likely to affect the supply of talent to the public sector adversely. It is true that for general administrative services, with the pattern of recruitment adopted in India, the public sector has been able to get young men of good intelligence recruited to the public service and then because of advantages like the status and security that they enjoy and the challenging tasks to which they are put, they continue in the civil service. The fact that they do not have much of a demand outside except when they have obtained considerable seniority in service also helps prevent their migration. But in the case of persons with technical and professional qualifications, where there is continuous competition at all levels for talent and experience, the public sector has been facing difficulties in recruiting and retaining good talent. This has been specially the case with different categories of engineers of which there is a shortage in the country.<sup>21</sup> It is true that in the case of personnel qualified in fields like agriculture, veterinary science, etc., where government is almost the only major employer, there is no question of the trained personnel being lost to the private sector; but there the problem arises of sufficiently good talent not being attracted to these lines. The government has similarly found it difficult to attract persons with managerial or industrial experience to fill up senior positions in public sector enterprises and in the departments and ministries dealing with these subjects.

The government has been trying to meet this problem in various ways. In order to make scientific work in government and other public sector agencies attractive, special steps have been taken to improve the prospects of a person entering such organisations for a scientific career.<sup>22</sup> While the idea of a ceiling on incomes or emoluments has not been accepted, the government has now put a limit on the deductible expenditure or emoluments paid to an individual for the purpose of calculating company income for taxation. In the long run, the problem is likely to decline in importance

<sup>20</sup>Government of India, *Report of the Commission of Enquiry on Emoluments and Conditions of Service of Central Government Employees, 1957-59*, (popularly known as Second Pay Commission), New Delhi, 1959, pp. 76-87.

<sup>21</sup>I submitted in 1962 a report on this subject to the Government of India entitled "*A Study of the Flight of Technical Personnel and Related Problems affecting Public Sector Undertakings*". This will be shortly published. See also my *Industrial Management Pool: An Administrative Experiment*, New Delhi, 1962.

<sup>22</sup>This was done on the basis of the recommendations made by the Second Pay Commission, *op. cit.*, pp. 150-160.



with the government and the public sector becoming the major employer for many engineering categories and with a substantial increase in the supply of such personnel. In order to meet short-term difficulties, government has already permitted specially high salaries to be paid to a few persons who had to be obtained from the private sector steel industry for meeting the urgent needs of public sector steel plants. This flexibility may be shown more frequently in future. The somewhat doctrinaire approach that has prevailed up to now is increasingly being seen to be out of place and given up.

### *Training Programmes*

In order to meet the increasing demand for personnel trained for carrying out the increasing number of complex and new functions, a number of training programmes have been organised in the last ten years. The National Academy of Administration and various specialised training schools have been organised for training new recruits to public services. Arrangements have been made for training the increasing number of persons required for agricultural extension, rural development cooperation, banking, costing and accounting and business management. These provide training to new recruits and also provide orientation and refresher courses to persons already in service. Institutions like the Administrative Staff College and the Indian School of Public Administration provide training programmes for middle-level managers and administrators. Thus the shortage of personnel with new skills and knowledge is being reduced rapidly and this is bound to make a significant difference to plan implementation in the years to come.

The importance of Manpower Planning was specially recognised at the time of formulating the Second Five Year Plan. It was pointed out there that in view of the large-scale development envisaged, it was "necessary to visualise in advance the difficulties likely to be experienced in finding technicians in the required numbers and to take steps to meet these difficulties".<sup>23</sup> Special studies were organised to work out the manpower requirements of the Third Plan and to make advance arrangements for meeting them. In order to ensure that manpower requirements are planned well in advance and also to make studies which will help the utilisation of available manpower, an Institute of Applied Manpower Research has been recently established in New Delhi.

### *The Importance of Administrative Reform*

The important place that administrative reform enjoys in planning has been recognised from the very beginning of Indian planning. The First Five Year Plan clearly stated:

<sup>23</sup>Second Five Year Plan, *op. cit.*, p. 175.



The Five Year Plan represents the first attempt on the part of the Central Government and all the States to translate (the Directive Principle of the Constitution) into a national programme based upon the assessment of needs and resources. It is now the task of public administration to carry out this programme in cooperation with the people.<sup>24</sup>

The tasks faced by public administration in India have increased enormously in magnitude and complexity in the period since independence. In addition to the increasing tasks for planning, difficult problems of various kinds but all of large magnitude and complexity have had to be faced—problems arising out of partition, the introduction of the new Constitution, the integration of old princely States and the reorganisation of States and now the problems created by the Chinese threat. Large numbers of new organisations have had to be set up, a much larger amount of resources had to be collected and a considerably large number of persons had to be recruited, trained and organised for the purpose of carrying out administrative tasks.<sup>25</sup>

Because of the peaceful transfer of power from British to Indian hands, the new government inherited a going administration. The post-independence leadership realised the advantage of this and guaranteed the continuance of the conditions of employment of the civil servants that it inherited. In keeping with the basic approach of building on the basis of what already exists, no attempt was made to bring about any immediate radical change in the administration. The approach was to modify, change and improve as demanded by the situation but in a way which would not upset the continued functioning of the existing set-up. What we have to examine now is: how far has administration been able to meet the challenge of planning?

The answer to any such question is bound to be a complex one. As mentioned earlier, Indian planning has succeeded significantly in some of the tasks undertaken by it. But there have also been significant shortfalls. The conclusion of one of our senior administrators closely concerned with planning is: "Experienced...has tended to strengthen the view that in its structure, methods of functioning and capacity to meet the requirement, the administration has not been able to catch up, and the distance may be increasing rather than diminishing."<sup>26</sup>

The main problems can be best illustrated by taking two areas where

<sup>24</sup>*First Five Year Plan, op. cit.*, p. 111.

<sup>25</sup>The draft of the Government on India's private income has increased from 7.9 per cent in 1948-49 to 10.8 per cent in 1960-61; the collection of direct taxes has increased by about 55 per cent and that of indirect taxes by about 17 per cent. The number of Central Government employees alone has increased from 697,000 to 2,089,000. The total employment in the public sector increased by over 33 per cent between 1956 and 1961.

<sup>26</sup>Tarlok Singh, *op. cit.*

difficulties have been experienced in carrying out plan tasks. They are : agriculture and public sector projects.

### *Agricultural Administration*

In agriculture, the main indication of a shortfall is clear : even though the attainment of self-sufficiency in foodgrains and the provision of basic food requirements for all people was emphasised as one of the principal tasks of administration from the First Five Year Plan, we have not succeeded in doing so. The causes for this have been examined by a large number of persons and we may briefly state their conclusions in as far as they illustrate the failures of administration. In spite of various experiments, carrying out a well coordinated programme by which the millions of farmers will be induced and assisted to increase their output and to participate in different ways in the various common tasks that will have to be carried out if their economic and social conditions are to improve has not been successfully possible up to now.<sup>27</sup> The programming has been defective in that too much emphasis has been placed on individual programmes like improvement of supplies, irrigation, technical assistance and too little has been achieved in working out an integrated approach to the farm problem. Each department concerned with different aspects of the programme has mainly concentrated on its own tasks and has not always taken care to see that its programmes move in step with other related programmes. Thus irrigation works have sometimes been completed without simultaneously carrying out of the tasks of constructing field channels and instructing farmers in the new methods of farming. The community development approach under which the technical programmes were all to be closely coordinated at the local level did not very much succeed in its task. The procedure for sanctioning of funds has been slow-moving so that funds and supplies have not reached the farmer and the technical agencies in time. Annual appropriations for schemes which continue from year to year and the delay in conveying actual sanctions have led to interruptions in work and concentration of large parts of the expenditure over a few months of the year.

Team work which is so essential for integrated programming and execution has many times suffered because of a lack of common understanding and mutual confidence between different technical officers and their not seeing eye to eye with the 'generalist' officers who were expected to work as leaders of the team. The frequent transfers of persons at various levels have made it difficult for them to acquire the local knowledge and confidence

<sup>27</sup>The following studies may be useful for information on this problem: (i) Report of the Study Team for Community Development and National Extension Service (New Delhi) 1957; (ii) Report of the Agricultural Administration Committee (New Delhi) 1958; (iii) Report on Indian and State Administrative Services and Problems of District Administration by V.T. Krishnamachari (New Delhi) 1962; and (iv) Reports of the Programme Evaluation Organisation of the Planning Commission.

that is essential for their work. The emoluments and promotion prospects offered to certain types of personnel crucial for the agricultural development programme like agricultural and veterinary specialists and village level workers have been inadequate to attract sufficient competence and talent to these services. There has been inadequate delegation of powers so that personnel in the field have been handicapped in carrying out their tasks and have to waste considerable time and effort in getting the sanctions and approvals of higher authorities. The field officers cannot devote enough time in the field because of their having to attend a number of meetings and functions and also because of the continuously increasing amount of paper work that they have to do to fill in a large number of reporting forms. These are some of the most significant conclusions reached by various studies that have been made about this subject. It is true that the agricultural problem is an extremely complex one and to expect it to be solved within a few years was probably overoptimistic. As mentioned earlier, the increase in agricultural output is also not inconsiderable. But further and more rapid increases in agricultural output are so vital to India's economic development that the above-mentioned administrative problems need urgent attention.

As a result of various studies, a number of changes are being introduced so as to make rural development programmes more successful. The new set-up of *Panchayati Raj*, to which a reference has been made earlier, has been evolved with a view to ensuring that coordinated and programme-oriented functioning is made possible through the close and active participation of administrative and technical personnel on the one hand and local leadership on the other. Increasing powers for raising resources and for expenditure are being delegated to these bodies. The procedures for sanction of funds made available by the Central Government have been simplified and the States are expected to take similar measures. Various measures for improving the promotion prospects and conditions of service of different kinds of personnel are under consideration, one of them being the creation of an all-India Agricultural Service with higher emoluments and promotion prospects than at present current in the agricultural services of different states. All these and similar other measures, when carried out, may be expected to ensure a much better performance in this field than has been the case up to now.

### *Public Sector Projects*

The construction and operation of public sector projects has been an important new task faced by Indian administration. The problems faced in carrying out this task are manifold and complex because most of these projects are either in fields where India has not had any significant previous experience—e.g. chemical fertilisers, heavy chemicals, machine tools, heavy engineering, heavy electricals, shipbuilding—or where the scale

operations economically or technically required is much larger than before—e.g., new power stations, steel plants and mining. Moreover, the tempo of these developments has been increasing from plan to plan and this was inevitable if economic development was to be attained at the desired rate.

In the construction of these projects, two shortfalls are noticeable—longer time and higher capital costs as compared to original estimates. To some extent these are only apparent and not real due to rather overoptimistic estimates about the time and cost that would be required. Inexperience is mainly responsible for this; the fact that in the case of projects like the locomotive construction works and the telephone factory,<sup>28</sup> such shortfalls did not appear supports this conclusion.

Some of the causes of delay arose from factors beyond the control of Indian authorities. Securing the required foreign and technical assistance has in some cases involved protracted negotiations. (The delay in obtaining aid from the USA... for the proposed steel plant at Bokaro is a current and significant example of this).<sup>29</sup> Because of tied credit arrangements, material supplies and technical assistance has had to be obtained for certain projects from particular countries and, because of their own difficulties, they have not always been able to keep to the time schedule regarding these. However there are also significant delays arising on the Indian side and we may briefly review the principal causes of these.

Long-term perspective planning was not very much attempted in India before the Second Plan and even since then, its importance and implications are being only slowly understood. Time-lags were not sufficiently allowed for and this has resulted in a number of difficulties in the way of project formulation and execution as required by the plans. The importance of preliminary planning being undertaken sufficiently in advance not having been realised, a number of key projects which were originally expected to be completed in the Second Five Year Plan period are being completed only in the Third Plan period. Work has many times not been taken up sufficiently in advance for items like land acquisition, site-preparation, provision of essential preliminary requirements like transport facilities, power, water and housing for the construction staff, preparation of a detailed project report, invitation of tenders and award of contracts, arrangements for securing materials like steel sections, cement, etc., which are

<sup>28</sup>The Indian Railways and the Posts and Telegraphs (including telephones) have been in the public sector for a long time now.

<sup>29</sup>Because of the difficulties in the way of obtaining US aid for this project, the Government of India has now withdrawn its request for such aid and alternative ways for proceeding with this project are now being explored. But these negotiations have resulted in a loss of valuable time. See in this connection: D.K. Rangnekar *Bokaro: A Story of Bungling*, The National Institute of Public Affairs, New Delhi, September, 1963.

in shortage and recruitment and training of construction staff. Lack of knowledge about and experience of using programming techniques have also played a significant part in delaying the progress of projects.

An important reason for the difficulties lies in the organisation set up for these projects and the procedures followed. One persistent difficulty has been the failure to distinguish clearly between decisions that can be taken by the normal governmental type of organisations and processes and those that should be left to professional specialists properly organised. The formation of specialised professional groups capable of handling the task of preliminary planning and project preparation, with sufficient aid and stability, has been delayed for long. Moreover, the authority for decisions even on technical matters has many times tended to be concentrated in the hands of groups of persons without adequate experience and knowledge about the problems involved and carrying other heavy administrative duties; and a decision can only be taken when such groups at two or three levels have agreed to it. Even purely technical matters may be questioned again and again by such groups, many times because of a lack of understanding of the whole problem, and while finally the proposal put forward by technical experts may be accepted, the process involves long delays and causes frustration.

The importance of building up teams of specialists for designing and construction of complex projects for fields in which continuous development is inevitably required was not realised till recently and the personnel who obtained such experience have sometimes been lost because of this. The importance of selecting appropriate top-management personnel for such projects, placing them in position in advance and giving them sufficient authority to carry out their responsibility has also many times not been appreciated. Because of a general shortage of persons with experience of handling large and complex projects, unsuitable persons have sometimes been appointed as top managers. These have included persons with experience only of handling traditional government functions, or regulatory and advisory functions. Retired persons have also been used; while this is useful in conditions of shortage, not infrequently such persons have been found to be lacking in the resilience and adaptability required for such a job.

Where personnel with experience of work in the civil service have been employed for these projects, not enough attempt has been made to change their attitudes and methods of operation through appropriate training and reorientation programmes. The troublesome effects of this failure are specially noticeable in the field of financial control. The traditional 'treasury-control' approach has not yet made way for new and business-like methods.

Similar difficulties have come in the way of efficient management of enterprises in the operating stage. The record up to now is somewhat



uneven; the public sector provides examples of very good, fair as well as poor management. Teething troubles are inevitable in the case of new and complex undertakings and there is no cause for despondency or alarm because of the poor record of some of them. Certain problems, however, need urgent attention if improved efficiency is to be attained. Adequate delegation of authority and proper systems of higher control at all levels are an urgent necessity; so also is improved personnel management, especially a more experimental approach regarding recruitment, appraisal, and development of personnel and methods of compensation.

A number of studies—official and non-official<sup>30</sup>—have been made about these problems and many reforms are under way. The Third Five Year Plan<sup>31</sup> contains a number of recommendations for improved management of public sector projects. These relate to the necessity to correlate authority and responsibility, setting up specific targets and subsequent appraisal of fulfilment, working out performance standards and providing incentives on their basis, building up technical planning units for major sectors of development, increasing use of programming techniques, suitable changes in the organisational structure, etc. Training for finance officers in these projects has been recently taken up and a pilot project for developing a proper system of programming and reporting undertaken. Experiments about methods and organisational structure are being undertaken in a few key undertakings. Thus the importance of bringing about reform in the management of these projects is being increasingly realised and practical steps in that direction are being taken.

### *The Civil Services*

Independent India inherited from the British a good number of able and intelligent civil servants, well-trained and experienced in the traditional functions of government and organised in a service-pattern similar in some respects to the British pattern but adapted to Indian conditions under the British rule. This involved the creation of a select service, chosen on the basis of a competitive academic examination, recruited at a young age and rotated among a number of positions until they were considered to be mature enough to hold the full charge of a district and later on of a group of districts. Personnel for top policy-making positions in the secretariats, either in the provinces (now states) or in the Centre, were also selected mainly from the same service. A number of other services were also gradually created, some for looking after specialised functions like revenue collection, audit and accounts, police, posts, railways, etc., and some for lower level work in the districts or the secretariats. The administrative

<sup>30</sup>See, Reports of the Estimates Committee of the Lok Sabha on various public sector projects; also Report of the Damodar Valley Corporation Enquiry Committee (1952-53); Indian Institute of Public Administration, *op. cit.*

<sup>31</sup>Third Five Year Plan, *op. cit.*, Chapters XVI and XVII.



services were thus divided into a number of caste-like groups, mobility between which was virtually impossible, and with one amongst the services—the Indian Civil Service—being treated as an ‘elite’. Further, the whole public service was vertically divided into four broad categories (classes I-IV), with sometimes further sub-categories in a class. The emoluments and privileges of a person, as well as his promotion prospects were largely determined by the point at which he entered service. There was hardly any lateral recruitment, little attempt at refresher courses or other forms of mid-career training and guaranteed security involving not only permanency of tenure till superannuation but also promotion based mainly on seniority. Specialised knowledge of any kind was not considered necessary for the type of work that the top-services had to undertake; commitment to any kind of programmes or close connection and acquaintance with people over whom they governed was considered somewhat undesirable. The idea was that “for being effective, a government servant must consider himself as external to the society in which he functions”.<sup>32</sup>

This structure of the civil service, which India inherited from the British, has basically remained unchanged after independence. No doubt a great deal of expansion has taken place, the number and types of services have enlarged, some holes have been made in the closed services through *ad hoc* lateral recruitments and some degree of inter service mobility, and the idea of an ‘elite’ service working as an ‘arbiter’ is going out of fashion. But the question is increasingly being raised whether the original purpose for which the structure was designed having undergone a sea-change—from a ‘night-watchman’ state to a growth and socialism oriented state—and the political milieu in which it operates also having been transformed, it is not necessary to set up an entirely newly designed structure, using of course such parts of the old one as are useful in the new set-up.

The principal change that has been suggested is to make the public service a more integrated and more open one. A government commission recently stated in its report, “We attach importance to the need for developing among civil servants a feeling that they all belong to a common public service;”<sup>33</sup> and therefore it was suggested that the broad horizontal classification of the civil servants into four classes should be abolished. The government has not however accepted this suggestion. The commission also made some other valuable suggestions like the desirability of appointing persons with the necessary technical background as secretaries<sup>34</sup> of departments where the work is mainly technical and further suggested that

<sup>32</sup>D.R. Gadgil, *op. cit.*, p. 55.

<sup>33</sup>Commission of Enquiry on Emoluments and Conditions of Service, etc., *op. cit.*, p. 562. Also See D.R. Gadgil, *op. cit.*, and Paul H. Appleby, *Public Administration in India*, Report of a Survey, New Delhi, Manager of Publications, 1953, pp. 11-12.

<sup>34</sup>In India, the ‘Secretary’ is the principal civil servant head of a ministry or department.

even in departments which have a considerable amount of technical as well as administrative work, technical officers should not be excluded from the field of choice. The importance of specialised knowledge or experience on the part of officials who have to deal with complex tasks of development is being increasingly emphasised. It has been pointed out in the Third Plan:

Work in projects as well as in important programmes has frequently suffered because of rapid transfers of officials. For tasks of any importance, it is essential that the responsible officials should not only be selected with care and suitably trained, but should also remain long enough to grow to the full measure of their responsibility. In any major key assignment a period of less than five to ten years is rarely sufficient for producing large results.<sup>35</sup>

How troublesome frequent transfers can be has been emphasised in the various studies relating to agricultural development referred to earlier. The preliminary results of a recent survey show that the average tenure of a district officer in a district in recent years has been less than two years. No wonder that he cannot provide the leadership in development that is expected of him.

One general point about the civil service in India that may be mentioned is that there is as yet little of 'professionalism' in the service. The tradition of the 'intelligent amateur' dies hard. The non-expert minister is advised mainly by a non-expert secretary who is principally assisted by a whole host of non-experts with the expert's voice not always able to make itself heard.<sup>36</sup> Whether it is a matter of management of the civil service, managing various action programmes or providing principal staff services, the top personnel in charge is hardly ever chosen because of expert knowledge in the field and, as mentioned already, it is not left in position long enough to acquire mastery over the field through study and experience. The various other defects in administration which have become more prominent now because of the complexity of the new tasks all follow principally from this.

#### *Administrative Organisation and Methods*

Like any large bureaucracy, Indian administration is not finding it easy to mend its old and traditional ways of functioning. Modernisation has not yet made too much of a dent even in matters like filing and record-keeping, use of stationery, office organisation and the use of mechanical gadgets. It

<sup>35</sup>*Third Five Year Plan, op. cit.*, p. 238.

<sup>36</sup>This is also a heritage of the British tradition of what T. Balogh calls "*two-tier dilettantism*". (See his "*The Apotheosis of the Dilettante*" in Hugh Thomas (ed.), *The Establishment*, London, 1900.) Also see John P. Lewis *op. cit.*, pp. 129-30, for an evaluation by a foreign observer of the Indian scene in this respect.

is neither possible nor necessary to dwell on these points except to say that these certainly affect the quality and speed of administrative functioning.

The main problem that needs to be mentioned is that administrative organisation and procedures have not changed enough to facilitate the successful conduct of large action programmes. As a matter of fact the powers of at least some among the field agencies (for example, the district officer) are less now than they were formerly in practice; and a significantly high proportion of them feel this inadequacy. The idea that large-scale action programmes can be run or at least controlled in detail from the secretariat of the government is not being given up fast enough. The organisations put in charge of major programmes have not been obtaining the necessary authority and powers to carry out these effectively. Such lack of delegation helps those field officials who are not action-minded and who therefore find safety in relying on superiors to give them decisions so as to avoid responsibility; but it is irksome for the increasing number of those who are interested in carrying out the programmes. The Planning Commission and various other authorities have emphasised the importance of increasing delegation at all levels and this is gradually having some effect. Even where delegation of powers is increased, there is far too much insistence on the use of centralised agencies for functions like staff recruitment and purchase of materials, leading to blurring of responsibilities. Another method by which initiative and experimentation even on the part of semi-autonomous agencies is restricted is through insistence on standard procedures which are time-consuming and do not necessarily serve the purpose of the particular agency. In matters like recruitment, promotions, purchase and award of contracts, the emphasis is on maximum fairness to all rather than on quick and effective solutions. There is an insistence on aiming at a vague standard of perfection and justice and this involves procedures which tend on balance to be disadvantageous. At all levels of public administration, committees consisting of representatives of various sections and departments are used to decide matters that should be left for decision by an individual; he should decide what kind of advice he needs and take the responsibility for the decision. The system of financial control is still oriented towards preventing wrong expenditure rather than on promoting right expenditure. At every level, whether in the government or in public sector undertakings, the financial adviser considers himself not so much as an *aide* of the line executive but as a watch-dog on behalf of the ministry of finance and ultimately the legislature.

An important factor that has prevented enough progress being achieved in these matters has been the inadequate understanding of new systems of higher control like programme-budgeting, performance audit, etc. An increasing attempt is now being made through the work of agencies like the Planning Commission's Committee on Plan Projects to set up standards and check lists of requirements which should help the process of delegation and

higher control.

Another difficulty has been that the number of administrative agencies has been rapidly increasing and it has not always been possible to group them properly so as to ensure on the one hand that a common direction is provided to closely related functions and programmes and on the other that the control function would be manageable. There is also a tendency to set up a new agency for even a marginally new function than to allow the expansion of a competent existing agency for taking care of it. Paul Appleby had pointed out in one of his reports on Public Administration in India the importance of ensuring that "there should be a persistent movement of consolidation of the special organisations according to some schemes of coherent missions."<sup>37</sup> In the field of public sector enterprises, a holding company type of structure is gradually being built so as to satisfy these requirements. But this problem has not yet received in the public sector as a whole the attention that it deserves. One of the difficulties that private sector enterprises feel about obtaining the required sanctions for their expansion or new projects programmes is that they have to pursue the matter in a number of governmental agencies instead of being able to rely on any one agency to deal with their proposals.

One major difficulty in ensuring that administrative reform receives continuous and effective attention has been that there is no agency in government which has both the necessary status and expertise to look after this problem. Units such as the O&M Division, the Special Reorganisation Unit of the ministry of finance and the Committee on Plan Projects have been performing very useful functions. But their attention is concentrated mainly on improvement of organisation and procedures; they have taken too little note of the importance of the human relations side of administration, of "re-orientating the attitudes of administrators and developing their capacities to deal effectively with people so as to achieve effective results;"<sup>38</sup> and their recommendations do not form part of a total scheme of administrative reform. Paul Appleby had suggested "the establishment of a central office charged with responsibility for giving both extensive and intensive leadership in respect to structures, management and procedures."<sup>39</sup> This has not yet been done. In 1961, the Government of India appointed a high level Committee on Administration consisting of senior civil servants and intended to provide a standing machinery for locating administrative deficiencies, facilitating decisions for their removal and assisting in speeding action on the decisions. Similar committees have been

<sup>37</sup>Paul H. Appleby, *Re-examination of India's Administrative System*, New Delhi, Manager of Publications, 1956, p. 13.

<sup>38</sup>A.M. Banerjee, "Fifteen Years of Administrative Reform: An Overview", *Indian Journal of Public Administration*, July-Sept. 1963, Vol. IX, No. 3, pp. 441-56.

<sup>39</sup>Paul H. Appleby, *Public Administration in India*, op. cit., p. 63.

set up in a few States. The Central Committee has done some useful work up to now. But it is not quite certain that such a committee is adequate for the purpose of creating a 'citadel' for giving continuous leadership in what Appleby called 'Administrative management'. The Committee<sup>40</sup> has no adequate staff aid, due to the other heavy responsibilities of its members it has not been able to meet frequently and the recommendations made by it up to now are mainly in the nature of ideas rather than concrete proposals for immediate implementation. It has not even been able to ensure speedy decisions on recommendations that have already been made by other study groups and committees. The Government of India has now decided to set up enquiry commission on administration somewhat on the lines of the Hoover Commission in the USA. "An inquiry into the entire administrative system of a country of the size and population of India, and one with a federal constitution, would be a vast and unique undertaking."<sup>41</sup> But this may help in bringing the problem in proper focus in its totality and thus facilitate plan implementation.

#### OUTLOOK FOR THE FUTURE

Indian administration has for a long had a tradition of critical self-evaluation. The introduction of democratic institutions has given further support to this tradition. Parliament and its special committees like the estimates committee have been examining many of these problems quite critically. With the introduction of planning, various agencies have been created for the purpose of study and examination of administrative agencies concerned with plan formulation and implementation. The government has also invited a number of experts, Indian and foreign, to conduct studies and make recommendations regarding administrative reform. The Indian Institute of Public Administration was specially established with considerable and continuous support from government for the purpose of creating an awareness of the new problems faced by the administration and studying, recommending and creating a suitable atmosphere for carrying out administrative reform. The free press in India also plays a crucial role in giving publicity to lapses and failures and brings home to the authorities concerned the importance of bringing about necessary changes. The fact that India faces so many difficult problems in carrying out the necessary transition from a traditional and backward society to a progressive and

<sup>40</sup>R.N. Vasudeva, "Organisation and Management—the Centre", *Indian Journal of Public Administration*, Vol. IX, No. 3, July-Sept. 1963, p. 382; for the recommendations made by the Committee, see the same Journal, July-Sept. 1961, pp. 264-70 and April-June 1963, pp. 267-271.

<sup>41</sup>"Editorial Note", the *Indian Journal of Public Administration*, Vol. IX, No. 3, July-Sept. 1963, p. 310.



growing one and that some of them have proved somewhat intractable up to now is not very surprising. The fact that the top leadership of the country, administrative, political and intellectual, is aware of the necessity of freely discussing these problems and finding solutions for them creates hope that these difficulties will be surmounted. The essentially pragmatic<sup>42</sup> approach that is being increasingly accepted by Indian leadership in regard to the problems faced by the country should also support this conclusion. Pragmatism dominates the outlook not only of politicians and administrators but also of the business community, a large section of which supports the idea of planning. Bringing about economic development in India, with its size, population, diversities and backwardness, is a complex task and the political and administrative problems of bringing it about are formidable in nature. But the maintenance of democracy and the national consensus about the basic strategy of development create confidence that the problems can be solved and the objectives attained.



<sup>42</sup>One of the principal examples of this is the support by the Government of India in measures for population control.



# Some Aspects of Plan Implementation\*

P. P. Agarwal

**PLAN IMPLEMENTATION** cannot be considered in isolation from formulation of programmes with which it is intimately concerned. Effective implementation really begins at the formulation stage when various decision-making groups in the public and private sectors are drawn into the process of preparing plan. It is a continuing procedure beginning with consultation, leading to emergence of consensus and ending with agreed decisions. This is how programme for action is evolved and which can be realistically implemented.

Apart from the need for existence of political will bent on successful plan implementation, it is administrative capacity, more than anything else, that determines the realisation of plan goals. Administrative improvements in plan implementation must be preceded by clear thinking on this as to who takes the decisions that affect development. Government intervention as well as the operation of market forces are both involved in the direction of economic activity, especially in a mixed economy as ours. So, one has to locate the role of government in the development process. The planning process has to permeate the entire decision-making apparatus of government and of the private sector if rewarding results are to be obtained. Development administration in this context has to deal not only with normal functions of government but several additional functions. These additional functions arise out of management of public enterprises, process of modernisation and technological change, and increasing complexity in administering enlarged social services.

Decision-making by development administrators in relation to planning is an arduous task. It is rendered harder by weak economic administration, incomplete or questionable data and ambiguous theoretical guidance. Decisions, nevertheless, have to be taken at the time of plan formulation and implementation.

In a mixed economy, it is essential to keep in mind that national development planning is not an activity which can be isolated from other functions of government or those of the private sector. There are several

\*From *Indian Journal of Public Administration*, Vol. XIX, No. 1, 1973, pp. 16-25.

organisational arrangements within government and outside. It is through the decisions taken by those working in these organisations that the plan gets prepared. Such decisions will cover questions like what, when, how and where they will produce, consume, save or invest so that the whole development process moves forward at the desired pace. Instead of a mere budgetary approach to decisions, government's role today has broadened to the evaluation of a meaningful set of coordinated projects with a strategy built around them. An investment programme which includes a coordinated set of projects forms one aspect of planning which has to be complemented with another approach. This latter approach takes the form of arriving at a consistent overall framework but may lack a detailed list of profitable investment projects. An integration of both these approaches is needed to make a successful plan. The overall plan framework and the projects have to be looked at together and a view has to be taken of both short-term and long-term projects and that of the public and the private sectors.

Plan implementation would, therefore, call for a number of important decisions to be taken at various levels of policy and programmes. Government covers multitude of ministries at the Centre and in the states and agencies—governmental and private—at Central, state and local levels. There are other institutions also, such as the Reserve Bank, transport authorities, and public enterprises, which have an important role to play in the decision-making process in planning and implementation. Having identified the participants in the public and private sectors in plan implementation, the administrator must have a clear idea as to how to coordinate activities of these disparate elements and to synthesise implementation. Managing of functions of government in relation to plan implementation usually relates to building up of productive sectors and social overheads, maintaining public services, influencing attitudes, shaping institutions, conserving the use of resources and ensuring higher levels of employment. It also relates to the testing of alternative allocations of resources on an analytical basis under various assumptions concerning political, social and economic processes of evaluation of the costs and returns of alternative resource-uses—at different projected levels of resource-availability—monitored by the practical parameters of acceptability and feasibility. Government either functions through its own agencies and performs some of these tasks or gets these done by others by offering suitable inducements. Government, thus, performs a variety of roles in plan implementation, and these roles keep on changing continuously.

Planning cannot succeed unless planners consider it an integral part of their task to establish the kind of administrative systems which can formulate and carry out development plans realistically. But this is rendered difficult by the persistent gap between the kind of administrative reform which is needed and that which is possible.

Basic to proper implementation of plan programme is pre-investment

planning. This needs to be carefully undertaken before embarking on any large industrial project. Such a task would involve an analysis of availability of resources, resource potential, identification of programmes and their projects and their preliminary formulation followed by feasibility studies covering such aspects as demand analysis, technical development, cost estimates, profitability analysis, assessment of national project reports in order to provide for realistic time-table for construction and requirement of materials, and manpower and training of personnel. All these steps are necessary to ensure that the projects move successfully towards the achievement of end objectives. In this process, there can be difficulties in various stages but the project operation plan can be conceived to take care of these issues. Without such a base of planning, the management of a project may not be meaningful. Planning, thus, will be a continuous function with accompanying changes in depth and scope so that the management of a project can review and up-date project plans frequently and impart the element of flexibility in the plans. The project effort can be sub-divided into tasks and sub-tasks even though the scope of planning will vary with the extent and scope of a project. A change of scope in a project may lead to a major change in the larger national programme leading to a change in the planning effort. Thus, a planning task may relate to periodic review of project planning in order to analyse development of schedules of the project. Scheduling will include both backward planning of events and forward planning of time spans required from the starting date; by using well known techniques, like Systems Analysis, CPM, PERT, etc., it is possible to achieve this successfully as an instrument for better project planning.

Another task of importance is the need for efficiency and economy in project construction. There is need to improve contracting procedures as many of the projects are undertaken through contracts. Effective management, in order to ensure proper integration of contract activities with the achievement of overall objectives of project plans, will have to be ensured. Improvement in efficiency and reduction of costs shall form a continuing objective of project management.

An essential condition for the success of plan implementation is the need for requisite efficiency in administration so that it is possible to get increased output from investment in programmes. Administrative efficiency and innovations will continue to play a great part in our planning process and underline the need for taking steps to improve standards. Improvement of a vast administrative machinery spread throughout the country at the Centre and in the States will have to be a continuous process. Our administration affects the lives of millions all over the country. At all stages in the planning process, it is necessary that the level of efficiency is able to meet the requirements of plan implementation. Implementation, in its widest sense, in this context may involve not only application of techniques hitherto unused, but, more importantly, an approach concerned

with achievement within time and cost parameters.

The need to reorganise planning and administrative procedures to achieve responsive action and initiative at each point in implementation needs to be stressed all along. There are a number of elements which weaken administration in this context. Firstly, the objectives of policy and criteria and tests to be adopted are often not stated explicitly. They are set out in a form which leads to ambiguity and a consequent need for referencing to seek clarification of the interpretations. It is, therefore, necessary that thinking on general aspects of policy should be carried on to a degree of precision and sharpness required for effective implementation. Secondly, there is sometimes insistence on elaboration of the operational aspects of a plan on the part of those charged with proper implementation. This, if stressed, should not be regarded cumbersome but viewed as an important requirement for plan implementation. The operational plan thus, must, indicate the exact stages as also detail out the path along which implementation is to be done. For example, the priority assigned to each part of the job, sequence in which each of these needed to be taken up and the requirements in terms of men, money and material should be supported by reliable study. In case only tentative indications are feasible, this should be clearly stipulated. Again, as implementation progresses, greater precision will be generated and uncertain features will be replaced by more definite data. It should be well understood that inadequate operational plans have been, perhaps, the weakest link in our implementation. Partly, it may be due to the new pattern of the projects and programmes being attempted and to the fact that, in our traditional administration, operational aspects were left to be worked out by others. In view of the complexities of projects and programmes, their new order and social compulsions, and the stresses on availability of resources, only detailed operational plans can today ensure effective implementation. Finally, it even appears that in plan implementation we are insisting on employing old tools for new tasks of implementation. Many of these old tools, even though time tested, need to be adapted and improved and, if possible, supplemented as quickly as possible by management techniques and concepts. In the entire area of planning, implementation should be increasingly supported and tested on the basis of reliable data, reliable reporting and reliable budgeting and evaluation. In short, a systems approach to planning and implementation must replace the older, traditional instruments of implementation. Implementation of plan policies and programmes which, in today's context, are geared to social purposes has to be a specialised function.

The existing system of reporting on progress and shortcomings in implementation has not been found to be effective. Progress reports should enable the authorities concerned to anticipate problems and to judge progress with reference to pre-determined programmes and objectives. It is difficult to develop a system of reporting especially for evaluation of

achievement of important policy objectives. On the other hand, it is somewhat easy to review and evaluate plan progress and programme. The framework of policies which go hand in hand with plan implementation has to be worked into details from time to time. If the policies are found to be defective in relation to achievement of plan objectives, they have to be suitably modified. Such a searching analysis of policy alternatives is difficult to attempt but has become inevitable in the light of complexities in economic planning and management.

It should be mentioned here that it may be very difficult to measure actual progress and that probably no single measurement of progress may suffice for all purposes. A preliminary analysis will indicate that the measure of progress is dependent on the purposes—financial and technical—for which it is used. The inter-relationship and inter-dependence of schedules is not sometimes clearly understood leading to lack of appreciation of slippages in time and cost. It is not uncommon to come across a project where written schedules are non-existent. This may be because when schedules change frequently (whatever the reason), the validity of the schedules as an element of control and implementation is seriously disturbed.

The statements of expenditure as an indicator of performance can be misleading. One is reminded of the observations of the late Prime Minister, Pandit Nehru, in Parliament in the course of debate on the Draft outline of the Third Plan. He stated: "We have often talked about how much money has been spent or why it has not been spent. It has always struck me that we are looking at things in a very imperfect way; the question is what has been done and not how much money has been spent. Maybe, the quantum of money spent is an indication of what ought to have been done or might have been done, but the real thing is what actually has been done." How pertinent this observation is even today in regard to progress and implementation of the plan and programmes!

For ensuring better plan participation, it is necessary to have a close look at the annual plan procedures with a view to streamlining them. It may be advisable to modify the process of deliberation by the various sectoral working groups which are often required to complete their reports in a few sittings at the time of the individual state's annual plan discussions. This could be replaced by a standing arrangement of a continuing working group which may be in deliberation all along. The working groups could keundertar preparatory work in respect of their sectors before states formulate their annual plan proposals.

The lines of authority and decision-making in the administrative structure also create a few problems for plan implementation. The distribution of subjects between Union and states, according to the Constitution, gives limited power to the Central Government in its pursuit of economic and social goals. Through different forums and agencies, the Union Govern-



ment is able to carry a dialogue with the State Governments over a wide field. This involves a great degree of advisory relationship. The quantum of available resources for development of the states enables the Centre to give a measure of direction to the development process in the states. In this background, an important reform needed is to improve the planning capability of states so that those who hold responsible posts in development planning and administration in states are properly equipped and motivated to ensure achievement of the economic and social objectives of the plan.

Augmentation of planning capabilities at various levels is an essential pre-condition for rational planning process. It is clear that viable national development plans and programmes can neither be drawn up from nor implemented through scientific calculations of economic and social behaviour, following rigorously the disciplines of econometrics and behavioural science. Nor can the planning process spring from a heavy compilation of pseudo-scientific guesses. Rather, through trial and error, economic planning and programming is evolving slowly and painfully from the experiments at either extreme described above towards a middle ground wherein a continuing and flexible process is fashioning an increasingly useful instrument for economic and social change. This experience of plan formulation and implementation has to percolate to various decision-making levels, the framework of which is constituted by states, regions and districts. Efficient and effective execution of Plan programmes presupposes a systematic identification of sectors which can be relevantly planned and implemented at these levels. Thus, a programme to be effective must correspond with the local conditions, potentials and priorities.

While the Planning Commission has laid considerable stress on multi-level planning, the machinery at state and district levels has been rather slow in coming. This may become a blessing in disguise if the delay makes for the emergence of an integrated relationship between the two levels. Eventually, our effort is to move towards sustained planning, implementation and reporting from even lower levels, such as the block. It is only in this fashion that it will be possible to organise a two-way traffic between the State Planning Boards and the planning and executive authorities in the districts. This should make for planning to be realistic and responsive — realistic so as not to make promises which are beyond local performance and responsive in the sense that district and block plans are not just handed down on a take-it-or-leave-it basis but are the result of joint thinking and allow local adjustments.

A critical review of plan implementation in the past two decades of planning, throwing out certain guidelines for adoption in future is given in the following pages.



## NEED FOR CAREFUL PLANNING/FORMULATION OF PROGRAMMES BY GOVERNMENT AGENCIES

The time taken to draw up programmes after a thorough study of the issues involved will always be a rewarding investment since any inadequate appreciation of problems, local or otherwise, may result in avoidable delays in implementation. For instance, in a study of the working of a Beggar Home in one state, it was found that statutory requirements of notifying the application of 'Prevention of Begging Act' to a particular district were overlooked although the Beggar Home was located within that district. This resulted in legal difficulties and consequent delays in the functioning of the home.

There is also need for detailed planning in all aspects relating to a project under implementation or planning because failure to realise the necessity to look into minute details may later prove costly. Instances can be multiplied where, for want of detailed project planning, many matters were taken for granted which did not materialise at the stage of implementation. In other words, the structure of potential implementation was not in keeping with the assumptions developed during the stage of planning.

Some of the above-mentioned problems are intimately related to the sequence of plan operations. In the matter of plan implementation, among the most neglected area is the preparation of time schedule of operations. There are long delays in this exercise which can be identified both in the field and in the secretariat. Take the case of issue of sanctions as part of project work. Even if sanctions (or progress) are obtained expeditiously, they are frequently issued without ensuring that the necessary personnel and the material are available for implementing the programme. As an illustration, one may cite the example of sanctions in respect of personnel needed for planning. After the sanctions for posts are obtained, the reverse exercise of framing *ad hoc* rules incorporating qualifications and type of personnel required is started. Framing of *ad hoc* rules itself, being a complicated process, takes time. Thus, frequently, sanction of posts takes almost half a year and the other half is taken in framing the *ad hoc* rules. This can obviously be self-defeating. It is, therefore, essential that the administrative operations, such as sanction of posts, framing of *ad hoc* rules and filling up of posts should be properly planned and the time sequence adhered to rigidly.

## APPOINTMENT OF PROJECT PERSONNEL

Lack of proper synchronisation of various stages of implementation of projects may result in avoidable losses. Availability of staff and equipment as an input is not properly planned and sometimes can be provided much ahead of the need or *vice versa*. In the course of a study of a sheep

and wool extension centre in a state, it was noticed that an electrically operated carding machine was provided to a sheep-rearing village which had no electric supply. In another case, it was noticed that provisions of amenities, such as a community hall, to a newly built Harijan colony had been made even before the Harijans had occupied the houses. While such illustrations can be multiplied, it is worth noting that the staff component is as much a vital consideration for ensuring attainment of goals as appropriate equipment. Sometimes, on grounds of erroneous economy, great effort is put in pruning the staff requirements or delaying the appointment of suitable staff to implement a project. The deleterious effect of these steps on the overall aspects of implementation is obvious.

#### DELEGATION OF RESPONSIBILITY

The need for appropriate delegation of responsibility to lower levels consistent with available abilities and skills to shoulder responsibility should always be underlined. This is indeed one of the most important aspects of plan implementation. It is necessary to reiterate this because delegation is often conceived as a mere ritual without any understanding of its implications. In a scrutiny of the scheme of old-age pension in one state, it was noticed that according to the formulated rules, the district collectorate was scrutinising all the applications for old-age pensions for issuance of eligibility certificates whereas the scheme itself was to be implemented at the government level. The procedure resulted in considerable delays, leading to denial of potential achievements of the objectives of the project.

#### CONSIDERATION OF PROJECT ECONOMY

Reluctance to incur even small additional outlays on existing programmes may frustrate the realisation of project benefits. In one particular instance, on account of failure to provide a single lathe, a vertical drilling machine and a valve seat grinder, estimated to cost approximately Rs. 10,000, a district service station for agricultural machinery, was not able to undertake any repairs. Yet at the same time, the agriculture department of the state was continuously spending large sums on repairs of its machinery in the same district through private workshops. It may be argued that this situation is somewhat beyond ordinary notions of project economy and involves a balanced input-output consideration for projects. Be it as it may, it cannot be denied that at the decision-making levels initially the problems do often arise on grounds of merely restricting expenditure in project outlays.

### NEED FOR COST CONSCIOUSNESS

There should be cost consciousness in framing programmes so that it permeates throughout the different levels of implementation. It is often noticed that important programmes are conceived on the basis of 'no profit no loss' when the formulators of the projects and programmes have no idea about the inherent costs which need to be taken into account for computing the profit and loss figures. Indirect costs, such as depreciation, interest on capital and cost of supervision are not taken into account while framing the proposals. This underlines the need for a realistic appraisal of the inherent costs which will ultimately determine the profitability or otherwise of a programme. Here, it also needs to be mentioned that in some cases there are even attempts or underestimation leading to upsetting of planning schedules in respect of fund releases and also embarrassment in government departments. It is important to avoid this because cost estimates, including operating cost estimates and benefit forecasts in the feasibility study, determine the economic soundness and justification of a project. It is, therefore, of the utmost importance that the estimates are realistic so as to form the basis for ensuring the economic feasibility in the project. A concern for cost consciousness will ensure, to a large extent, achievement of programme goals within stipulated cost parameters.

### INVOLVEMENT OF PEOPLE IN PROGRAMME IMPLEMENTATION

The role of people in implementation of plan policies and programmes must not be underestimated. Development planning, which embraces implementation of plan programmes, involves not only the preparation of a compendium of projected public and private decision-making covering the relevant aspects of production, consumption, savings and investment but a change from old patterns to new modes of behaviour and new techniques of production. This is possible only with the active participation of the people as well as the acceptance of the new modes by them. Social awareness and acceptance of the various programmes is, thus, as important an element as their economic viability.

Popular acceptance of the programmes varies a great deal with the degree of popular appreciation of the benefits which they will confer on particular groups of people, such as farmers, technicians or scheduled tribes. This, again, depends in part on the specific programmes and the appeal they have as much to the self-interest as to the imagination of the potential beneficiaries. At the same time, there must be in popular mind a good image of the administrator as one engaged in honest and earnest pursuit of development at the grassroots. Here, the roles of local leadership and of mass media of communication are no less important than the single minded devotion of the implementing authorities to their developmental task.

Selection and dissemination of information to various sections of people is a precondition for involving the people in implementation of plan programmes. How various programmes will affect particular sections of the people and in what manner : this question must percolate the thinking of all our administrators interested in proper implementation. Similarly, an assessment of the programmes which require to be undertaken has to precede its launching in the area.

A social and economic development plan, by definition is the blueprint of a dynamic process. Unless the implementation takes cognisance of the dynamic character of the plans and programmes and unless these are managed according to the twin principles of efficiency and justice, there is very likelihood of a 'gap' arising between the plans and their implementation. The need of the day is to eliminate this gap. □

# Bureaucracy and the Implementation of Economic Plans in India\*

H. C. Rieger

STUDIES OF economic planning usually concentrate on problems of plan formation: How are scarce resources to be allocated most efficiently? How should alternative investment projects be evaluated? And how can the balance of an economy's different sectors (agriculture, branches of industry, etc.) be achieved or maintained in the process of growth strived for? Which techniques—capital or labour intensive—should production units employ and should the latter be privately or publicly run? What should be produced indigenously and what imported from abroad? These and similar questions have to be tackled by planning commissions (or their counterparts) in all countries relying on deliberate government action to bring about or stimulate economic growth. Economists of developed as well as of underdeveloped countries have devised sophisticated calculi for answering some of these questions and for testing tentative programmes as to their internal consistency and, if preference functions are sufficiently explicit, their optimality. No doubt, planning today—though not necessarily facilitated by modern input-output analysis and linear programming techniques—is to a large extent free of those elementary mistakes encountered in earlier plan documents of the early post World War II era. Individual targets are compatible with each other and—subject to the accuracy of the numerical values assigned to economic relationships involved (capital-output ratios, production functions, technical co-efficients, etc.)—with the resources allocated for their achievement. Moreover, the individual targets selected are frequently geared to each other in such a way as to ensure not only the growth of income and consumption in the plan period but also the growth potential for longer plan horizons.

Economic plans of developing countries have become more realistic in this sense: With improving accuracy of technical coefficient measurements, greater realism in the appraisal of available physical and monetary resources, and with the avoidance of logical and computational mistakes, the plans are increasingly becoming correct statements of what has to be accomplished in order to achieve the desired results. Does this mean that

\*From *Indian Journal of Public Administration*, Vol. XIII, No. 1, 1967, pp. 32-42.

economic plans of developing countries have become more realistic in the sense of being realisable?

No. Knowing what has to be done is, of course, not the same as being able to do it. The fact that to get to the moon you have to get into Rocket 'A' and press button 'B' may be a useful piece of technical knowledge, but it won't get you to your destination unless you can 'mobilize' the requisite transportation resources or 'enlist the cooperation' of the man with the rocket. Similarly, a plan to increase agricultural production through improved farming methods depends on the ability to induce farmers, in sufficient numbers, by persuasion or coercion, into accepting and employing the better techniques. Where this ability is lacking or deficient, the plan is unrealistic in the sense of being unrealisable.<sup>1</sup> Of course, failures or shortfalls of economic plans may result because of wrong actions being planned and because of planned actions yielding unexpected results. But they may obviously result equally well because of planned actions turning out to be impossible or only partly realisable. If this is the case in Indian planning—and there is reason to believe it is so—the view occasionally expressed "The plan was good, but its implementation was bad" is more of a device for renouncing responsibility than a statement of fact.

Unfortunately, economists of developed and developing countries alike have devoted their attention in the past primarily to the formulation aspect of planning to the detriment of the implementation aspect, which is frequently—albeit wrongly—considered as the 'practical' side of planning theory.<sup>2</sup> The problems posed by implementation are far less glamorous than those of devising and manipulating sophisticated programming models. But advances in this bottleneck area may be far more useful for economic development than those achieved in programming techniques.<sup>3</sup>

<sup>1</sup> "The desired response will not be forthcoming unless a specific course of action is laid down and people are goaded into following it. Even in the government sector, action cannot be expected to issue from the mere statement of objectives. Neither the planning division nor the operating agencies will have the highly qualified personnel necessary for translating the general objectives of the plan into specific projects." Cf. A. Watson and J. B. Dirlam. "The Impact of Underdevelopment in Economic Planning", *The Quarterly Journal of Economics*, Vol. LXXIX, May 1965, p. 179.

<sup>2</sup> "It is traditional for the economist to consider these problems of implementation as technical issues and relegate them to the political scientist or the public administrator. And yet upon the manner in which these agrarian reform measures are implemented in the underdeveloped world may well depend the ultimate success of the whole development effort." Cf. K. W. Kapp, "Economic Development, National Planning and Public Administration", *Kyklos*, Vol. XIII, 1960, p. 187.

<sup>3</sup> Speaking of growth models, F.H. Hahn and R.C.O. Matthews write, "While not disparaging the insights that have been gained, we feel that in these areas the point of diminishing returns may have been reached. Nothing is easier than to ring the changes on more and more complicated models, without bringing in any really new

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## ADMINISTRATIVE IMPLICATIONS OF PLAN IMPLEMENTATION

Let us assume that the Planning Commission has formulated a plan for economic development—say a five year plan, which itself is integrated into the perspective (15-year) plan. Let us further assume magnanimously that the plan under discussion is both consistent (in respect of targets and resources) and optimal (in the sense that no other plan can be devised that is both consistent and reaches a higher value on the government's preference function). Stripped of its retrospective appraisals and proclamatory and exhortatory frills<sup>4</sup> it boils down to a list of projects and actions to be undertaken or sub-targets to be reached and an allocation to them of the financial resources expected to be available in the plan period. Now, it is important to note (however obvious it may be) that there are limits to the detail into which the statement of intended actions of a national development plan can go. This varies with the sectors of the economy: In steel production or ship building, for instance, it is easier to state details because of the greater 'lumpiness' of investments in these areas as opposed to, say, agriculture. In the latter case, intended developments can only be expressed in aggregate terms, *e.g.*, targets of agricultural production during the plan period: gross area to be benefited by major and minor irrigation, by soil conservation and land development; area under food crops to be covered with improved seeds during the plan period; the consumption of chemical fertilisers and estimates for organic and green manures during the plan period. The figures given may be broken down according to departments (agriculture, community developments), products (food grains, cotton, sugarcane, etc.), inputs (ammonium sulphate, superphosphate, muriate of potash, etc.), and localities (states and union territories). But even after such disaggregation, the units of sub-targets are in thousands of acres, thousands of tons or thousands of bales<sup>5</sup>. Obviously, then, there can be no talk of the plan in this form being a plan of action for those who eventually are to take the individual actions whose cumulative effect is the achievement of the target aggregates. Before knowledge of

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ideas and without bringing the theory any nearer to casting light on the causes of the wealth of nations. The problems posed may well have intellectual fascination. But it is essentially a frivolous occupation to take a chain with links of very uneven strength and devote one's energies to strengthening and polishing the links that are already relatively strong." "The Theory of Economic Growth: A Survey", *The Economic Journal*, Vol. LXXIV, Dec. 1964, p. 890.

<sup>4</sup> These have very little effect anyway, as the people for whom they are meant are precisely those who could or would not read the plan document, even if they knew such a thing existed.

<sup>5</sup> Cf. *Third Five Year Plan*, Delhi, Government of India, Planning Commission, 1961, pp. 324-331.

what is wanted reaches the individual peasant, farmer or village level worker, further breakdowns of the sub-aggregates have to be made, entailing at each step farther down the implementation hierarchy allocative decisions as between departments, regions and time spans.<sup>6</sup> This complex task of filtering information of allocated resources and intended results from its verbal statement in the plan document down the innumerable bifurcations of successive departmental, regional and temporal breakdowns to the extremities of pyramid, where the word is finally translated into the deed, is accomplished by an extremely complicated and intricate piece of information processing machinery called administration or bureaucracy. It is worth examining a little more closely.

### THE MECHANICS OF BUREAUCRACY<sup>7</sup>

In dealing with problems of administration it is usual to focus on one of two quite distinct aspects. On the one hand, one can think of the administrative system as a huge complex of mutually interdependent machine units interacting with each other according to given rules for the attainment of specific organisation goals. On the other, one can study individual personalities within the formal organisation of a bureaucratic system and attempt to analyse their individual needs and motivations. In this context *Gouldner* speaks of the *natural system* model as opposed to the *rational* model.<sup>8</sup> There can be no doubt that both approaches are complementary in the sense that they deal with two different but equally important aspects of formal organisations, and no administrative reform measures are likely to meet with success unless they take account of both.

In the rational model we can think of a formal organisation consisting of a number of information processing units, which we will call *machines*. A machine is here defined as any device for turning an incoming message into an outgoing message according to a procedural rule or *transformation function*. An information flow designed to change the transformation function of a machine we will term an *operating order*. Hierarchically-structured organisations, such as the administrative system, are characteris-

<sup>6</sup> Cf. K. W. Kapp, "There is not a single agricultural reform measure which does not depend for its implementation upon an administrative bureaucracy that initiates, promotes and applies the measures adopted at the centre. Such implementation calls for decision making all along the line of the entire administrative structure", *op. cit.*, pp. 186-187.

<sup>7</sup> For a fuller exposition of this section see my earlier paper, "The Mechanics of Bureaucracy, An Essay in Social Cybernetics", *Indian Journal of Public Administration*, 1966, Vol. XII, No. 2, pp. 175-194.

<sup>8</sup> For a good description of both models and an attempt at synthesis, see A.W. Gouldner, "Organizational Analysis", *The Planning of Change, Readings in the Applied Behavioral Sciences*. W. G. Bennis, K. D. Benne and R. Chin (eds.), New York, Holt, 1961.

sed by having well defined one-way channels for operating orders, machines generating operating orders being called *upper* machines with respect to the *lower* machines receiving them. Very often adjustments of the lower machine's transformation function will be made on the basis of past performance and its deviations from some indigenously or exogenously formulated goal or performance standard. The resulting set-up can be viewed as a *closed loop control unit* where there is a circuitous feedback of information to the upper machine on the effect of alternative operating orders originally generated. As information flow is a process in time, there will be time lags between the generating of an operating order and the registration of its effect by the upper machine. The distribution of these lags in the circuit and the response functions of the separate units (*i.e.*, their reaction as a function of time) will be decisive for the behaviour of the closed loop control unit as a whole, which may converge to some well-defined equilibrium position (homostasis), diverging or fluctuating from it.

When machines are auxiliated by information storage and processing units which control the impulses they emit and organise incoming information in a meaningful way (*e.g.*, by classifying, tabulating, drawing conclusions, etc.) they are said to be *learning*. If preference functions over possible incoming messages are given from an indigenous or exogenous source, these types of machines are capable of *adjusting* to input from the environment by refraining from emitting impulses that lead to unfavourable reactions so as to maximise satisfaction. The higher up the hierarchy one goes, the greater will be the necessity of installing self-adjusting system of this type.

Now, on paper, a formal system of organisation can be devised for fulfilling the functions assigned to it exogenously in an efficient manner. This blueprint would consist of an arrangement of roles tied together with strings of communication,<sup>9</sup> the roles being no more than more or less detailed specifications for the requisite machines of the system. However, this conceptual arrangement would be akin to the frictionless system of the theoretical physicist as opposed to the more realistic calculations of the technical engineer, because in real life bureaucratic roles are to an overwhelming extent played by individual personalities, whose preference structure can seldom be brought to precise congruence with the preference structure required by the bureaucratic system as a whole. Here the mechanical theory of bureaucracy has to be supplemented by psychological and sociological hypotheses of action motivation and individual need fulfilment in order to reach a greater degree of realism in the social engineering of

<sup>9</sup> According to K. E. Boulding, "...an organization might almost be defined as a structure of roles tied together with lines of communication". "The Image, Knowledge in Life and Society", Ann Arbor, 1961, p. 27.

administrative system.<sup>10</sup> It is the neglect of this aspect that has led to many of the shortfalls of planning in developing countries. Let us now turn to the Indian scene in order to be more precise.

#### BUREAUCRACY AS AN INSTRUMENT OF DEVELOPMENT POLICY

It has been frequently pointed out that, whatever else British Rule brought to India, it left a good net of communications and an excellent system of administration. Whereas it would go too far to say that starting from scratch in administration would have been better still, the adoption of practically the entire administrative system of British Rule in 1947 had at least two distinct disadvantages. First, before independence the administration was frequently identified with British Rule and was, therefore, regarded with suspicion or outright hostility by the public even after the achievement of independence. Second, the purpose of the system was essentially one of keeping law and order, collecting taxes and generally blocking any initiative likely to lead to a disturbance of power balances. Whereas the functions of policing and tax collection obviously remain, Indian administration was singularly ill-equipped for the development tasks assigned to it after 1947.<sup>11</sup>

If we think of bureaucracy as an information-processing system interacting on the one hand with the government system and on the other with the client system (*i.e.*, the public or well-defined sections thereof) the purpose of the bureaucracy during British Rule was to react to impulses of the client system in such a way as to keep the client system in a more or less stable social equilibrium. Disturbances of internal or external origin were dealt with in a compensatory manner akin to the functioning of a closed loop control system. The watch-dog function of the British Government consisted in its turn in reacting to disequilibria impluses from the bureaucracy-public circuit, by adjusting or supplementing the transformation function of the bureaucratic machine. Meanwhile, the situation has been reversed. Government is emitting impluses *via* the bureaucracy to the client system with the express purpose of bringing about social and economic change. In this sense bureaucracy functions as a link in an open

<sup>10</sup> For a discussion of role and personality factors influencing actual behaviour see J. W. Getzels, "Administration as a Social Process", *The Planning of Change, Readings in the Applied Behavioral Sciences*, edited by W. G. Bennis, K. D. Benne and R. Chin, New York, 1961, especially the diagram on page 381. See also C. Argyris, *Personality and Organization, The Conflict Between System and the Individual*, New York, Harper, 1965.

<sup>11</sup> Cf. K. W. Kapp, *op. cit.*, p. 188: "India offers a particularly good example of some of the difficulties which a district and local system of administration originally designed to collect revenues and to perform occasional police and judicial functions experiences when it is suddenly called upon to implement measures of land reform and agricultural improvement".

loop control unit. But not only does it have to translate impulses from the government system into the impulses it emits to the client system, it is also supposed to react to the client system's unexpected reactions in accordance with the government's preference function.

Bureaucracy is no exception to the rule that machines built for one purpose are not always easily adaptable to another. This immediately becomes clear when some of the sub-units of the bureaucratic set-up are analysed in greater details. At the bottom of the hierarchy we have sub-machines of a relatively simple nature with well defined more or less mechanical transformation functions. Because of their simple structure, they are equipped for dealing with a relatively limited range of information inputs from the client system and have to signal 'upwards' whenever this range is exceeded. In a state of general social equilibrium this is of no great disadvantage. For it is precisely in such situations that impulses from the client system are restricted to narrow deviational limits. From this point of view it is quite sensible to have simple machines at the bottom and the more differentiated processing apparatus (*i.e.*, the 'brains' for the principle of management by exception) at the top of the bureaucratic system. When this set-up is used to 'disturb' the client system with the intention of initiating development in a desired direction, the main directions of information flow are radically changed, and this frequently entails a restructuring of the whole system :

- (a) Whereas messages from units higher up the hierarchy previously came as answers to enquiries or as correctives to incorrect operation—at any rate as reactions to the lower machine's information output—they now come as initial impulses. This may be quite difficult for a lower level functionary who 'knows his job' (but no more) to learn or to accept, calling as it does for a previously unnecessary capacity to interpret and act on quite new types of messages.
- (b) Disturbing the client system will lead to its reacting beyond the narrow range for which lower level bureaucratic units are equipped. The necessity for communicating upwards becomes more frequent and indeed, for an initial adjustment period at least, the rule. The logical results are overwork at the Centre and subsequent delay in reacting to initial inputs from the client system.
- (c) Whereas previously record keeping was necessary for purposes of accountability and for the operation of the precedence principle, the very nature of development administration requires reporting upwards of successes, failures and ideas, in order to stimulate corrective or compensatory action from above. Even if the requisite channels were adequate, the feedback of relevant information to the Centre would necessitate the internationalisation of upper



machines' preference functions to an extent never necessary before.<sup>12</sup>

#### FUNCTIONAL PROLIFERATION AND REGIONAL COORDINATION

Development functions of the bureaucratic system are, of course, additional to the traditional tasks of policing and tax collection. Thus, the size of the system as well as its structure have had to be changed by adding chains of command parallel to traditional lines of administration. Apart from the hierarchy based on regional criteria (Union Government, State Government, Commissioner, Collector, Tahsildar) there are hierarchies based on functional criteria, such as agriculture, irrigation, public works, education, etc. (departmental heads, divisional heads, sub-divisional or circle officials, extension officials, etc.). This leads to the necessity of coordination at the level at which actions of different functional units have to be combined to reach the desired results. Whereas specialisation leads to greater efficiency in vertical information flow, *it necessitates the creation of coordinating machinery in the regional units*. Thus we find traditional regional administration augmented by district planning officers or development officers of collector rank, block development officers and so on. Now, obviously, coordinating the activities of specialised departments in a way leading to effective regional development requires machines of a far higher adjustive capacity than available in adequate numbers, calling as it does for an understanding of the growth process *per se* as well as of the government's development strategy. It is characteristic of these (and other high quality) machines that they receive their operating orders in the form of targets or results to be achieved rather than in terms of what to do. As Sovani points out, the problems connected with individual schemes at the level at which the administration communicates with the client system are not only physical and organisational but social, political and human. "Each is, in a way, a unique problem and has to be tackled with imagination, innovation, improvisation and experimentation by persons on the spot. It is exactly at that level that the present bureaucratic structure ensures a famine of talent varying directly with eminence in the bureaucratic hierarchy."<sup>13</sup>

Another problem connected directly with that of increasing specialisation and subsequent coordination is that of *size*. T. Morgan has pointed out some of the sources of error and bias resulting from the sheer size of an

<sup>12</sup> According to N. V. Sovani, "...there is no channel today through which there can be a feedback of local experience at higher levels in the planning process. No wonder implementation is as bad as it is". Presidential Address, 48th All India Economic Conference, Benaras, 1965, p. 12.

<sup>13</sup> N. V. Sovani, *op. cit.*, p. 12.



administrative organisation, be it public or private,<sup>14</sup> and Parkinson's Third Law,<sup>15</sup> though formulated with respect to private enterprise, applies here equally well. When an administrative system grows beyond a certain size the need for internal coordination supersedes the need for actual communication with the environment. The BDO who is tied to his desk answering correspondence from his state and district superiors is one who has lost the initiative. He is dealing with things that are brought to his notice, having ceased to notice anything for himself. He has been essentially defeated by his job.

The failure of the Indian bureaucratic machine to achieve the results expected of it by government, e.g., to implement the CD-programme effectively, led to the creation of *panchayati raj*. It may suffice to stress here *en passant* that, from the point of view of administrative mechanics alone, the grassroots programme throws up more problems than it solves. As Hanson points out,<sup>16</sup> whatever else it may have achieved, *panchayati raj* has produced some deterioration in the morale of district administration, except where the officials have retained *de facto* control. This is not surprising when one considers that placing an administrative unit hierarchically below two operating order generators is to run the risk of "accelerating with the hand-brake on". However, there may be something in the view that *panchayati raj* is still in the error stage of a trial and error process and that improvements in the system will be cumulative once it gets going.

### CONCLUSIONS

There can be very little doubt that economic development in India is impeded, amongst other things, by inadequate implementation machinery. However, even if there is awareness of this strategic bottleneck in the Planning Commission and in government, there seems to be no willingness to take it into account in the formulation of the plans. Reviewing achievements of agricultural schemes of the Second Plan, the Planning Commission states: "Programme which require large-scale participation on the part of the people, such as soil conservation, made only limited progress."<sup>17</sup> In spite of this, the Third Plan's success was based on the assumption "that the various development programmes will be carried out effectively and with widespread public participation and use of local manpower and other resources and that intensive efforts will be made in

<sup>14</sup> T. Morgan, "The Theory of Error in Centrally Directed Economic Systems", *The Quarterly Journal of Economics*, Vol. LXXVIII, August, 1964.

<sup>15</sup> C. N. Parkinson, *In-Laws and Outlaws*, London, John Murry, 1964, p. 185.

<sup>16</sup> A. H. Hanson, *The Process of Planning, A Study of India's Five Year Plans 1950-1964*, London, OUP, 1966, p. 433.

<sup>17</sup> *Third Five Year Plan*, Delhi, Government of India, Planning Commission, 1961, p. 303.

every block to adopt improved agricultural practices".<sup>18</sup> It was further stated that "a plan of smaller dimensions than those envisaged would prove altogether inadequate,"<sup>19</sup> and the administrative implications of such a plan were fully realised. They are "vast and call for the highest standards of efficiency attainable in every field of activity. Effective implementation requires the maximum mobilisations of resources, adaptation to changing needs, coordination and concentration of resources, at every vital point, ability to anticipate difficulties and problems, readiness to seize upon favourable opportunities for growth and, above all, men of skill and knowledge and organisations attuned to the objectives of the plan. A plan of development, however elaborate or precise, is at best a framework which sets broad patterns for action, for participation in the national endeavour, on the part of millions of people living and working under conditions of marked diversity".<sup>20</sup> In spite of all this, the Planning Commission came to the conclusion that "it is fully within the capacity of the nation to achieve the goals it has set itself".<sup>21</sup>

The discrepancy between the optimism of the planners and the experiences of reality can be interpreted in two ways: either excessive targets were once more being used to goad the people into greater efforts at all levels of the economy and the administration—in this case it is time to realise that the point has been long passed where the incentive value of excessive targets turns into the frustration of perpetual failure—or, in spite of contrary experience, the Planning Commission still believes that inefficiency, red-tapism and malcoordination of the bureaucratic machine can be eliminated or combated by general exhortations to cooperate, rationalise and strive for greater overall efficiency, instead of realising that in most cases to admonish the individual to behave in accordance with efficiency criteria of the system as a whole is to ask him to be subjectively irrational. Greater congruence of individual preference structures with those prescribed for machines in the ideal system can only be achieved effectively by incentive systems<sup>22</sup> and to a certain extent through education. Whether this can be realised in India either economically or quickly is hardly a moot point. In any case, there are limits to efficiency standards in administrative just as in technical engineering, beyond which further advances will not justify the additional costs incurred. So to plan with an administrative efficiency coefficient of 1, as is currently done in India, is to plan the impossible and to believe in the *perpetuum mobile*.

<sup>18</sup> *Third Five Year Plan, op. cit.*, p. 317.

<sup>19</sup> *Ibid.*, p. 51.

<sup>20</sup> *Ibid.*, p. 54.

<sup>21</sup> *Ibid.*, p. 730.

<sup>22</sup> Incentive systems in development administration are of course problematic if they have to consist in removing the successful individual from his location or field of success.

Admittedly, it is easier to criticise than to improve, easier to diagnose than to devise remedial action.<sup>23</sup> It may be true that where development is concerned, only irrational optimism can break vicious circles. But on the other hand, a clearer understanding of the limitations of bureaucracy in general and of the individual bureaucrat in particular may lead to the recognition that in terms of final output a Rupee spent in improving a machine's performance may be worth more than one spent in increasing its initial input.<sup>24</sup> It is to be hoped that the various Administrative Reforms Commissions set up in several states and at the Centre will come up with more than the customary generalisations on present inefficiency, red-tapism and corruption and will have improvements to suggest that go beyond the perpetuation and institutionalisation of their own work and the setting up of more investigatory bodies, coordinating agencies and working groups. Above all, no time should be lost in implementing the reforms already advocated, for a developing country is 'a slow sort of country', as the Queen said to Alice. "It takes all the running you can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that."



<sup>23</sup> Cf. A. Watson, J. B. Dirlam, *op. cit.*, p. 193 : "What cannot be easily removed must be lived with and should be taken into full account, ...Effective planning will tailor the programme of development to achieve the most that is possible within the limitations beyond the planners' control".

<sup>24</sup> K. W. Kapp, *op. cit.*, p. 200 : "Marginal social productivity of additional investments may be greatest in the field of administrative reforms".

# Public Administration and Plan Implementation\*

Nitish R. De

*Founding itself upon love, humility and faith, dialogue becomes a horizontal relationship of which mutual trust between the participants is the logical consequence... true dialogue cannot exist unless it involves critical thinking... thinking which perceives reality as process and transformation... thinking which does not separate itself from action, but consistently immerses itself in temporality without fear of the risks involved.*

—PAULO FREIRE<sup>1</sup>

*India's forte is one of crisis management. Instincts of its leadership are to cope, rather than innovate, and to work within an existing framework not only of institutions but of ideas as well.*

—MYRON WEINER<sup>2</sup>

**T**HIS PAPER will be in two parts. The first part will be an assessment of the current status of Public Administration in relation to plan implementation, raising some of the obvious issues. The second part will deal with certain parameters of action so that concomitant changes in Public Administration can be brought about with a view to increasing the capability of plan implementation.

On the whole, a systems approach will be maintained so that diagnostic data, policy planning and policy implementation are perceived as an ongoing process and not as discrete elements merely calling for an integrative machinery. A point will be taken that coordination is often perceived as a supreme need arising out of a mechanical conception of the inter-relationships of various complex forces. As an alternative, a premise will be maintained that integration of various complex socio-economic and political

\*From *Indian Journal of Public Administration*, Vol. XX, No. 4, 1974, pp. 701-22.

<sup>1</sup>Paulo Freire, *Pedagogy of the Oppressed*, 1970, Herder and Herder, New York.

<sup>2</sup>M.V. Kamath, "India Has Not Done Badly At All: MIT Professor's Analysis" *The Times of India*, Dec. 10, 1973, New Delhi.

variables is not only a matter of technology of administration but also a matter of management of attitude, values and authentic behaviour. A whole ocean of techniques will not be adequate, it is believed, to ensure the full implementation of the Fifth Plan programmes just as the waters of the Arabian Sea could not have effaced the sense of guilt from the heart of Lady Macbeth consequent upon the murder of the king. An essential point of the paper will be that commitment to the plan objectives is a process, subtler and deeper than the knowledge of techniques and procedures.

#### THE CURRENT REALITY

There are four issues to which reference will be made:

1. The Draft Fifth Plan has nine chapters in Part I and fifteen in Part II. None of these chapters refers to the public administration machinery either in the Centre or the States. One does not get an insight as to how the working role of the Department of Personnel and Administrative Reforms will be revitalised or reoriented in the light of the requirements of the plan objectives. Nor does one know as to how the working tradition of the cabinet secretariat will be restructured with a view to bringing about a convergence between its working and the plan objectives. Similarly, one searches in vain in the plan document for an emerging role, if any, for the chief secretary of a State Government.

One may indeed refer to, in rebuttal, the work done by the Administrative Reforms Commission and the gradual process that has been initiated to bring about reforms in the administrative machinery. One may also mention what some of the State Governments have been doing by way of setting up Administrative Reforms Committees.

The essential point, however, is that the fountain head of the complex gamut of the administrative machinery has been kept outside the purview of the plan document. The implication is that while machinery other than the civil administration will need to be looked at for the purpose of success of the plan, it will itself remain untouched in terms of stock-taking, reflection, and consequent change. While change is the core theme of the planning process, public administration by implication can remain immutable. It seems that this incongruence may become a stumbling block in plan implementation.

The consequence is obvious. The elites of the public administration are thus rendered free to look at other agencies and find out what their flaws and failures are. They have no compulsion to look at their own houses. Delays in implementing various projects are well-known complaints. Attempts are being made to streamline the decision-making process in such a way that the delays can be avoided. But no worthwhile attempt is being made to short-circuit the delaying processes in various ministries of the government. While some attempts are being made in some of the economic



ministries such as, Heavy Industry, the old conventions and culture doggedly persist in the non-economic ministries, particularly the social ministries. There is no conscious effort at monitoring the delays in some of these ministries even though the officials here are expected to ensure that the various field organisations responsible to the ministries do operate effectively. This is an obvious contradiction.

How expensive the inabilities of the ministries in scrutinising their own operations can be, is cited here:

...When a decision was taken to set up the Madras Refinery Project, it was also decided that Madras Port would need to be enlarged to accommodate 70,000 dwt. crude oil tankers. This tanker size was taken into account without working out the economics of the Madras Refinery. With the Refinery under the administration of one ministry and the Madras Port Trust under another...expert and effective coordination of the two parts of the project became necessary. As it turned out, the ministry of...was unable to ensure that the port expansion proceeded so as to synchronise with the completion of the Madras Refinery...The Refinery was commissioned in June 1969 and the expansion of the port was still incomplete in December 1972. The consequential loss to the Refinery, obliged to run at reduced throughput and pay higher freight rates on account of the use of smaller size tankers, is about Rs. 17 crores up to March 1972... (quoted from an unpublished report.)

Yet another consequence is a more serious one. Paul Appleby, on the basis of his studies of the administrative culture in India, has repeatedly mentioned about the role of the audit culture. His diagnosis as well as warnings seem to have fallen on deaf ears. No doubt, some marginal changes have been made but the basic flaw has remained. We may quote from Appleby's report.

The functions of the Comptroller and Auditor-General in India are in large measure an inheritance from the colonial rule...the Comptroller and Auditor-General is today a primary cause of a widespread and paralysing unwillingness to decide and to act.

This repressive and negative influence is in considerable part indirect, impinging on the bureaucracy by way of Parliament because of the exaggerated and unselective attention given by Parliament to the petty exceptions and the inflated *pretensions built around the pedestrian function of audit*... What special competence for appraising objectives and appraising administrative performance in general has the Comptroller and Auditor-General? What is Cabinet for, what is the Prime Minister for, what is Parliament for, what are the individual ministers for, what is the secretariat for and what is bureaucracy for?... Too many of his



reports are mere substitutions of hindsight for the kind of judgement possible and necessary and proper at the time of action. Too many merely raise questions that are really questions of differences in judgement.

... The Comptroller and Auditor-General's function is not really a very important one. Auditors do not know and cannot be expected to know very much about good administration. ... What auditors know is auditing—which is not administrative; it is necessary but highly pedestrian function, with a narrow perspective and very limited usefulness ... Audit reports take Parliamentary attention on little things. This demeans the Parliament.<sup>3</sup>

The implications of the unwillingness to link up the compulsions of the planning process with the requisite changes in public administration can indeed become a serious problem as highlighted recently by Jha analysing the data that are available. Jha makes the following points:

The least understood today is the relationship between the growth in unproductive expenditure and mounting unemployment. Politicians and officials react to any suggestions that employment in the bureaucracy should be curtailed by raising the bogey of unemployment. What they fail to realise is that the creation of one sinecure in the bureaucracy or for that matter, anywhere else in the economy deprives at least ten people of productive employment over a period of roughly three decades. . .

It is a sobering thought that if the Central and State Governments had created three million less jobs in the bureaucracy, their annual savings today would have been sufficient to generate thirty million extra jobs over thirty years, or a million extra jobs every year.<sup>4</sup>

All in all, one major weakness in the plan document is the neglect of attention to the urgent and long overdue administrative innovations in the very citadel of development administration—Central and State Government machinery including the role of the audit functionaries.

2. The second issue of current relevance is the problem of values and attitudes of the public administrators. It would be fair to include the higher as well as the lower echelons of the government administration in this category, irrespective of whether they are generalists or technocrats including educationists.

<sup>3</sup>Paul Appleby, *Re-examination of India's Administration Systems*, 1965, Government of India Press, New Delhi.

<sup>4</sup>Prem Shankar Jha, "Too Many Unproductive Jobs: Core of the Economic Crisis", *The Times of India*, Dec. 10, 1973, New Delhi.

That the Harijans, despite what Mahatma Gandhi sought to do to alleviate their misery—psychological as well as physical—have not been able to improve their lot in an appreciable measure during the four plans is well-known. Psychological humiliation apart, physical pain and torture to which the Harijans have been subjected are fairly well known. The case of Keezhavenmani's death by burning is well-known. Similarly, the status of the Harijans in UP has been documented by Juyal<sup>5</sup>. Despite the fact that Uttar Pradesh has 21.23 per cent of its population belonging to the Harijan caste, their conditions are no better here compared to other states. One reason for continuation of the depressed conditions of the Harijans is obviously the attitude of the ruling elite. The subtlety of this attitude is obvious from a report published in a Hindi Daily from Banaras. The report reads as follows:

Dhobi (Jaunpur)—June 28. Caste tensions are increasing in the rural areas following the stoppage of work by the Harijans for other castes. Harijans have boycotted cutting of navel strings and disposing of dead cattle. They have even raised a demand for increase in the wages of ploughing and other kinds of agricultural work. The Harijan leaders are raising a storm of casteism by misguiding the Harijans in the villages which may lead to dangerous consequences.

Similarly, a survey of Primary Health Centres (PHC) in the states of Andhra Pradesh, Bihar, Gujarat, Kerala, Maharashtra, Tamil Nadu, Karnataka, Rajasthan, Uttar Pradesh and West Bengal brings about this conclusion from the researcher:

On the whole, the dispensary projects a very unflattering image. Discrimination against the poor and the oppressed, poor quality of medicines (only red water), lack of medicines, overcrowd and long wait, nepotism, bribery, and indifferent and often rude behaviour of the staff are some of the charges that have been levelled against most of the dispensaries. Complaints about medicines and overcrowding and long wait are made even against the best of the PHC's studied.<sup>6</sup>

The essential point emanating from these and many other experiences is that the administrative elite is essentially bound by what Joshi has called 'social parasitism'.<sup>7</sup> Social parasitism is an attitudinal problem based on

<sup>5</sup>Juyal, "Twilight World of Harijans in U.P.," *New Wave*, Dec. 30, 1972, New Delhi.

<sup>6</sup>D. Banerji, "Healthy Behaviour of Rural Populations: Impact of Rural Health Services", *Economic and Political Weekly*, Dec. 22, 1973, Bombay.

<sup>7</sup>P.C. Joshi, "The Cultural Dimensions of Economic Development: Past Experience and Present Dilemmas", Draft Paper, 1972, Institute of Economic Growth, Delhi.

an economic premise. The economic premise is that the surplus that is created out of non-productive, circulatory functions is more significant than the basic productive function itself. In another context, the implication of the culture of social parasitism has been described.<sup>8</sup>

- (a) Non-productive phenomena, such as gold and precious stone smuggling and hoarding, hoarding of essential foodgrain items, conspicuous consumption, individualised services, sweat-labour based secondary comforts, etc., do receive a premium. Social values in the garb of 'an act of wisdom' as in the case of hoarding and 'a shining example of success in life' as in the case of conspicuous consumption acquire legitimacy in our behavioural norms. Such forms of parasitism will have the 'Gresham Law' effect on the productive culture. The 'Sanskritisation' effect of parasitism thus takes hold.
- (b) Black money and corruption will remain a major force in the determination of relevant behaviour, including key level decision-making role, thereby weakening such processes of decision-making as involve productive parameters.
- (c) Members of the community involved in production activities will carry on with their responsibilities in the tradition of parasitism manifested in the forms of *competitive economism* and *complementary economism*. In other words, the internalised values of parasitism will gain entry and then ascendancy in the production culture. In this sense, no fundamental distinction will be maintained between social goods and services and those for private gains.
- (d) There will develop a yawning chasm between the public posture and the private faith, between the stated objective and the reality, between the creed and the deed generating a climate of mass inauthenticity and abortion of political morality.
- (e) The reaction against the consequent erosion of national self-esteem and promiscuity in national identity will develop into mass alienation in the young generation—either in the form of retreatist sub-culture, or angry backlash, or anguished martyrdom, or docile conformism, or perhaps a combination of some of these, thereby fostering the values of 'lumpenism'.
- (f) As an apparent reaction to the economic stagnancy and the hypocrisy of existence that is inherent in the culture of social parasitism, obvious patriotic responses will generate in the cause of production orientation. These indignant votaries of non-parasitic culture will seek the commanding heights of decision-making roles for them-

<sup>8</sup>Nitish R. De, "Social Context of Organisation Development: Man-Work Environment Nexus", Draft Paper. 1973, Indian Institute of Management, Calcutta.

selves so that the vantage ground of parasitism can be maintained; and

- (g) The 'hard core' of productive culture will get fixated, as a reaction against parasitism, at task-orientation levels with cynical concern for human values and esteem for fellow human beings. Some of them may seek retreat in compensatory activities, such as 'research' and non-collaborative work, and join the 'braindrain' club. Performance orientation may become a caricature of economic progress with an empty moral and ethical shell.

It is, in this context, that one will view the three paragraphs on public participation and commitment in the chapter on Plan Implementation in the Draft Plan. Reference to the public is to various representative institutions, local bodies and academic institutions. Participation of the people in the planning process in the form of more direct and vigorous involvement is missing. It is not as if adequate instruments of vigorous and meaningful participation of the people are not available. Those who are familiar with Paulo Freire's work in Brazil are aware of the immense potential that exists in a polyarchical participation of the people and their leaders, both playing the role of actors in a change process.<sup>9</sup>

A number of studies on Indian Administration have come to the conclusion that it essentially represents a culture of elitism. Pai Panandiker<sup>10</sup> maintains that while there is some behavioural flexibility in the bureaucracies at the field level, such as in agriculture, bureaucracies in the office involving regulatory and directional functions are essentially structurally more rigid and behaviourally less flexible. It is precisely at this level that the key decisions are made and the parameters for action are determined.

Ali Ashraf, in his study of rural development in UP, has come to the following conclusion:

There is little doubt that bureaucratic organisations develop a tendency towards centralisation and rigidity and demand conformity from their members. The feedback process does not function well and this is especially true in the Indian context where normal bureaucratic tendencies are further reinforced by cultural values of hierarchy and superior-subordinate social relationships. Thus, the bureaucracy has little capacity to improve itself by learning from its errors. There is indeed no effective way for the bureaucrat to learn of his errors, and even if such

<sup>9</sup>Maria, Mies, "Paulo Freire's Method of Education, Conscientisation in Latin America", *Economic and Political Weekly*, Sept. 29, 1973, Bombay.

<sup>10</sup>V.A. Pai Panandiker, "Bureaucracy in India: An Empirical Study", *IJPA*, Vol. XVII, No. 2 (April-June), 1971, New Delhi.

knowledge of internal weakness was available, there would be hardly any will to modify its organisation or behaviour.<sup>11</sup>

Subramaniam comes to the following conclusion at the end of his study of the Civil Services in India:

It is clear that all these services are drawn in common from the urban salaried and professional middle class of India to the tune of 80 per cent or over.<sup>12</sup>

A significant aspect of social parasitic culture can very well be a type of bureaucratic operation which has been labelled by Presthus as 'welfare bureaucracy'<sup>13</sup> as practised in Turkey. The welfare premises centre around certain benefits, privileges and augmentation of some tradition-bound orientations which foster and sustain the culture of non-achievement and non-production. The seniority principle, loyalties on the basis of caste, region and language, concern for superficial measures of effort as opposed to performance and an elastic concept of time, are some of the characteristics of the administrative milieu that is suffered, if not supported, by the administrative elite.

It thus appears that the administrative elite in India is on the whole of an urban middle class background, given to the culture of social parasitism in accordance with which non-productive culture is the *sine qua non* of elegance and performance. This attitude appears to be another major stumbling block in the plan implementation process, particularly in respect of the production objectives as well as the social programmes of change.

3. The Draft Fifth Plan can be credited with certain improvements. The chapter on Plan Implementation is comprehensive and in some respects it has gone into operational details which were missing in the earlier plan documents. There is requisite emphasis on monitoring and evaluation organisation and utilisation of certain management techniques, such as project evaluation, critical path method and other quantitative management techniques of proved utility.

In particular, implementation of agricultural programmes refers to the structure of the decision-making machinery in the ministry in some detail which is lacking in respect of other programmes and ministries. The administrative structure incorporates the role of the technical heads in the decision-making process not as staff specialists as is very often the case, but as

<sup>11</sup>Ali Ashraf, "Bureaucracy Leadership and Rural Development in Uttar Pradesh", *Indian Journal of Politics*, Vol. V, No. 2, 1971.

<sup>12</sup>V. Subramaniam, *Social Background of India's Administrators*, Publication s Division, Ministry of Information and Broadcasting, 1971, New Delhi.

<sup>13</sup>R.V. Presthus, "Weberian vs. Welfare Bureaucracy in Traditional Society", *Administrative Science Quarterly*, June, 1961.



substantive decision-makers. The role of the technical department in the states and those of the subject-matter specialists in the area development programmes have received particular attention. That the traditional organisational design will be inadequate in dealing with the area development programmes has been recognised.

To quote from the Draft document :

It is proposed that in the area development schemes of the nature of command area development and drought-prone area schemes and any such similar schemes which may be worked out in the tribal or backward areas, an area development authority is constituted by the government which has got administrative and financial powers duly seconded to it by the government and which controls the staff of all the disciplines which are important for the field programmes.

Although not wholly, this statement partly recognises the need for an integrated agency, utilising some of the insights of a matrix organisation.

These innovative ideas, however incomplete, are totally missing in the section on Railways. While one finds certain statistical information in the smaller section on Railways (in the Plan Implementation chapter), one looks in vain for the administrative innovations and personnel policies which are long overdue in the basic transport system of the country.

As already mentioned, monitoring and evaluation organisation (MEO) has received welcome attention in the implementation programme. A nucleus of MEO has been created in the Planning Commission with professional competence and a desire to succeed. This group, though small, has already started working on pre-requisites of monitoring rather than preparing itself for audit type evaluation long after the event has occurred. It seems that this is a positive augury, however limited, for the Fifth Plan.

4. There seems to persist the basic dichotomy between the planning process and the implementation process, even though there is the universal recognition that implementation seems to be proverbially the weak link in the Indian planning process. It appears that there is a sense of resignation to the inevitability of the duality of the planning process and the implementation process of the variety that has been in existence in India for many decades. It is necessary to appreciate that the plan objectives are required to be examined in terms of the *stated* objectives, *real* objectives and *legitimate* objectives.<sup>14</sup> The stated objectives, incidentally, are always the desirable ones and a statement of these issues is probably the easiest. The real objectives are those which are sought to be implemented by those who are concerned with the process. The legitimacy of an objective—whether stated or real—depends upon the social relevance of the objective. It seems that in

<sup>14</sup> C. West Churchman, *The Systems Approach*, 1968, Dale Publishing, New York.



India there has been a closer concordance between the real objective and its illegitimacy and, in the process, its distance from the stated objective. While an organised trading community, to provide an example, may become most articulate in its statement of the social responsibilities of business, the 'get-rich-quick activities' are matched only by the illegitimate machinations that are undertaken, taking advantage of the growing demand for a variety of essential commodities.

Similarly, the social parasitism of the administrative elite has been able to maintain a distinction between the stated objectives of the Indian Constitution and the successive plan objectives on the one hand and the execution of these objectives on the other. Whether it is the implementation of the various tax laws or the provisions of Land Reforms Legislation or the execution of the social welfare measures for the tribals the depressed classes, one inevitably confronts the ever-widening schism between the profession and the practice. One also cannot deny the over-active compromises of the political wing of the Indian elite that accentuates the hiatus between the stated objectives and the real objectives.

It seems that the planning process is usually concerned with the stated objectives and an elaboration of the same including *inter se* priorities of these objectives. The criteria for measurement to ensure the fulfilment of the stated objectives are wholly or predominantly ignored as an integral part of the planning process. The implementation process, on the other hand, is usually concerned with the real objectives. Real objectives are those which are actually implemented utilising the administrative authority. While, to give an example, augmentation of production is consistently set as a desirable objective, the various administrative decisions like the linkage of the annual bonus payment to profits and many other similar decisions go against the grain of the productive culture. Many a leisure-time comfort that is provided to the managerial elite in an industrial system may indeed be an integral part of welfare bureaucracy, but not necessarily a contribution to production ethos. The chasm between the stated objectives and the real objectives is thus the chasm between the planning process and the implementation process.

This summary survey is an assessment of some of the problems involved in plan implementation in the context of the reality of Public Administration.

#### SOME ELEMENTS OF ACTION PARAMETERS

Should we accept the diagnostic premises made in the earlier section, it will become somewhat obvious that certain infirmities in the administrative culture would need to be attended to with a view to effectively implementing the plan objectives. Three such infirmities are listed below :

- (a) The elitist bias towards non-productive culture and a propensity

towards 'welfare bureaucracy' cannot sustain the Plan implementation programme.

- (b) The values of elitism are enshrined in a supercilious attitude towards, if not an outright prejudice against the down-trodden, particularly the ethnic poor, which makes the administrative machinery distinctly insensitive to public needs and even hostile to public criticism. The voice that is often raised about anonymous petitions against members of administrative elites and the touchiness that is displayed against public criticism voiced in the national and state legislatures are indicative of the lack of concern for fellow human beings' sentiments. Their sentiments and frustrations are ignored along with the factual part of allegations which could very well be exaggerated and inaccurate.
- (c) The elitist bias towards profit motive, particularly relevant to private trade and industry, is yet another aspect of the dominating culture that has stood between the societal objectives of the plan and their translation into action. Bauer and Fenn have referred to the American phenomenon in these words, while discussing corporate social audit :

With the industrial revolution came the concept that competition should serve as the regulator and determinant of proper business conduct; if you survived and prospered, you were, by definition, doing 'the right thing', and 'in the right way'. The appeal of this view was and is compelling; it lives on today in the often expressed conviction that 'the cash register is the final arbiter of our performance. If the customer does not like what we are doing, we find it out soon enough'. 'Safety does not sell', said the pre-Nader automobile manufacturer. 'We are giving the public what it wants', says the broadcasting executive.<sup>15</sup>

On the positive plane, what needs to be done is to establish a culture of performance and achievement, as distinct from the culture of acquisition. It is apparent that if our records of plan implementation are poor, it is an admission of our poor performance-orientation. This orientation is required to be established and strengthened by a series of positive steps as a reinforcement to the corps of public administrators and not by action of punitive measures and negatively-oriented control devices as is the case with audit culture.

The Action Plan will be devoted to the resolution of these issues :

1. The various ministries in Delhi and their counterparts in the states

<sup>15</sup> Bauer and Fenn, *The Corporate Social Audit*, Russell Sage Foundation, 1972, New York.

will be required to critically examine their rules and procedures and systems of work. While addressing the 28th Annual Convention of Oil Technologists' Association of India two months before his death, S. Mohan Kumaramangalam had this to say about decision-making in the government :

Suppose Rourkela wants to have a new coke oven battery... The Rourkela gentleman will discuss with his own G.S., A.G.S., Coke Oven Superintendent and so on. . . a feasibility report will be commissioned by the CEDB . . . the best minds will work on it . . . Finally, after it has all been cooked properly, it will be brought before the Board of Hindustan Steel and then it will be sent up to the government.

The Government naturally means the Secretary. The Secretary will mark it to the Joint Secretary ; the Joint Secretary will mark it to the Deputy Secretary . . . to the Section Head . . . the Section Head is the foundation of everything. Without him, Government cannot function. The Section Head looks at this big document . . . and prepares a self-contained note . . . he does not know one end of a blast furnace from another or a coke oven . . . (but) at the end of it all, he has to make a recommendation.

Then again it rises to the surface . . . In between, probably the Joint Secretary may add four or five lines giving reasons why it should go to the technical wing . . . From there when it reaches the Secretary, he chits it saying let it go to the technical wing . . . what do you expect this young engineer (in the technical wing), a very good quality young man, to do? . . . In order to justify the fact that he is there . . . he asks for clarifications . . . and the Secretary reads it. He is not a technologist and naturally he cannot say that the clarifications are not necessary. So he puts it ultimately to the Minister.

This is the way the government will operate. . . . It is not the wrongness of the individuals; it is the wrongness inherent in the system. . . . In Government, the magic word is *sanctions*. . . . The basic difference between administration on the one hand in terms of civil service administration, and administration on the other in terms of industry is that. . . (one) is rule-oriented and (the other) is result-oriented. . . What counts ultimately is what results you get . . .<sup>16</sup>

Needless to point out that a body of the type of the Administrative Reforms Commission will, doubtless, be able to amass enormous data on the strength of which it can recommend certain steps. Whereas such commissions are hallowed by the tradition of British parliamentary demo-

<sup>16</sup> M. Kumaramangalam, "Confessions of a Minister", *Science Today*, April, 1974, Bombay.

cratic system innovated in an era of comparative unchangeability, the present state of Indian reality is a different picture altogether. It will indeed be necessary to bring about vigour, determination and unorthodoxy of approach to critically submit the work culture of the decision-making apparatus to a scrutiny. What will be relevant are short reports for action unlike the reports emanating from prolonged deliberations. The essential purpose of such drastic reorganisation of work culture will be to generate a culture of self-renewal in the various ministries in Delhi. John Gardner laid down five rules which might become the cornerstone of the self-renewing process:

The first rule is that the organisation must have an effective programme for the recruitment and development of talent.

The second rule for the organisation capable of continuous renewal is that it must be a hospitable environment for the individual.

The third rule is that organisation must have built-in provisions for self-criticism.

The fourth rule is that there must be fluidity in the internal structure.

The fifth rule is that the organisation must have some means of combating the process by which men become prisoners of their procedures.<sup>17</sup>

Given the weight of tradition that sustains the anti-work or non-work culture in the halls of decision-making in the metropolises, it may be desirable that either the prime minister takes upon herself the responsibility of administrative innovation or she puts someone in charge of it who is known for his task orientation and the ability to *preact* even in a hostile climate. To fight organisational 'dry-rot' is the essence of requisite action in making public administration responsive to the demands of the planning process. The ultimate repository of government—the ministries—which operate on the written words in files will need to be exposed to reform in terms of tasks, targets, quality of decisions, timeliness and the ability to help the field organisations.

2. The controversy involving the generalists and the specialists will need to be resolved. The prime minister, while inaugurating the Indian Institute of Management at Bangalore in October 1973 has made this statement:

Our experience is that the generalists and the specialists both tend to be somewhat bureaucratic when they come into the system. The specialists are not more arduous than the generalists when suggesting new approaches to administration, new ways of getting things done and new methods of economy. . . Both are subjected to human feelings, feuds, hatred,

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<sup>17</sup> J.W. Gardner, "How to Prevent to Organisational Dry-Rot?" *Harper's*, October, 1965.

jealousies and narrow-mindedness and these are not diminished in new institutions headed by specialists. . .the important issue is to evolve a system by which we are able to get the best out of our personnel and to ensure that the entire administration can. . .be levelled so that it comes in direct touch with people. . .with a sense of service and understanding. We do not want more officers but a competent and creative human being.

The culture of competence and humanness is certainly an essential requisite. Such a culture calls for a redefinition of the concept of efficiency. In a work-shy culture, a public servant wedded to the techniques of efficiency may receive high encomium. But working with complex human systems, his effectiveness may be blunted by his over-simplistic assumptions about human beings. He may adopt a posture of arrogance and/or wisdom and this will undermine the commitment of his subordinates and the people, without whose willing cooperation no project can be effectively implemented. Such votaries of efficiency are usually given to a 'black-box' concept of human nature and human motivation.

In order to operationalise Mrs. Gandhi's concept of competence and humanness, one will need to begin with a new concept of administrative values. An administration leader will need to internalise the values of 'adaptability' and 'flexibility'<sup>13</sup> which will enable him to change roles whenever that is needed and to cope with unpredictable situations when these will confront him.

The administrative reward system will need to be geared to the task of identifying competent administration leaders who possess in requisite measure the values of adaptability and flexibility. Performance-oriented appraisal system, to give one example, will be able to put the nail to the coffin of bureaucracy-technocracy debate.

3. Performance orientation will call for a major revision of the roles of the government audit department, the finance ministry as well as the finance departments of the state governments. While post audit of actions and decisions is necessary for public services and public sector industries, the essentiality of such a function does not lie in creating a climate of inaction or hesitant, low-key action on the part of public functionary. On the contrary, the audit objective should be to foster a sustained performance culture and not to stultify it by fear psychosis. Today, the audit department derives its status from its constitutional sanction to 'tick-off' any authority other than the parliament. Its immunity extends to the privilege that no one scrutinises its contribution to the culture of delays and despondency, and, in particular, the obstacle it sets to initiative, drive and innovativeness in public administration. It will be necessary to substitute the culture of

<sup>13</sup> P. E. Mott, *The Characteristics of Effective Organisations*, Harper & Row, 1972, New York.



'sanctions' by a culture of 'performance'. This prescription does not imply that failures should be slurred over nor does it mean that the Central Bureau of Investigation be abolished. What it means is that the audit department should develop a composite of performance criteria to audit various governmental activities so that culture of results gets established. On the strength of its accumulated experience, the audit department should be encouraged to initiate suggestions as to the extent of the obsolescence of various rules and procedures so that appropriate corrective measures can be taken without fuss or delay.

Similarly, the finance ministry should be able to exercise scrutiny and fuller review of various proposals and projects before it and its associated bodies can accord their sanction but, thereafter, the executive agency should not be required to refer a particular item of expenditure for a second-time approval. It is one thing to lay down functional norms for incurring expenditure and it is quite another to operate on the premise that the finance ministry represents the government's conscience and the accumulated wisdom of public propriety.

When it is suggested that measures of administrative innovation be adopted, it is implied that action be initiated to effect a major modification of the 'mental set' that is prevalent today in the resource allocating activities and the agencies that perform the guardian role of procedures rather than the inspecting role of results.

4. Debureaucratisation of the administrative culture will call for planned recycling of the public administrators between field assignments and office work. One of the positive lessons of the Chinese cultural revolution (1966-69) is that the party officials and administrative functionaries pegged to office work in the cities not only divorce themselves from the problems of the common mass but also foster the culture of bureaucratic functioning. The Chinese have sought to restore the balance by ensuring prolonged field assignments for the white collar bureaucrats, irrespective of their rank and status. The weight of tradition in India that public administrators after having attained certain rank would invariably be posted to headquarters assignments, would call for hard scrutiny. If the implementation process is our weak spot in the planning operation, then prestigious public servants would need to be involved in field operations irrespective of their status.

The recycling process will further help the administrators to appreciate as much the integration of theory and practice as the convergence of the planning process and the implementation process. Placed in such a role, they will realise that action without reflection is an inefficient form of utilising resources and that thinking without reality orientation is a verbal gymnastic leading to no desirable ends.

5. It will be desirable to develop a 'dialogical' relationship between the administrators and the people. The elitist bias for planning by the elite for the people will need to be substituted by healthy concern for people's



sentiments and the potential of their contributions. Mao Tse-tung made the following statement in an interview:

You know I have proclaimed for a long time: we must teach the masses clearly what we have received from them confusedly.<sup>19</sup>

The leadership role, therefore, is not one of leading or of being led but of being able to establish an active transactional relationship between the self and the others.

Freire<sup>20</sup> has shown that the words of the teachers emotionally integrated with the work experience of the taught can, not only initiate a meaningful programme of mutual education, but also a programme of great force for social change. This has happened in a dramatic way among the poor peasants of north-east Brazil. It seems that such an orientation will be necessary to operationalise the concept of commitment of the masses to the objectives of the plan. The common masses will get involved so long as the plan objectives are translated in terms of their work experience and work interests.

It is suggested that such an active transaction will need to be established by providing a mechanism for outflow of feedback from the relevant people to the administrators and inflow of the equally meaningful feedback from the administrators to the relevant people. Once again, the experiences of cultural revolution in China indicate that the social turmoil was launched there in a number of ways, one of which was the provision of feedback to the authority figures by the young generation in the form of posters. The battle was fought, as it were, in the form of feedback rather than with the use of the instruments of offence. This is a lesson that is required to be integrated in the administrator-people dynamics for the purpose of the Fifth Plan.

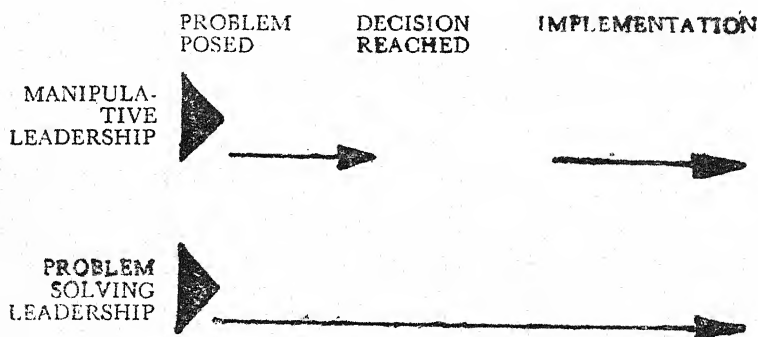
It may even be necessary to develop what is known as "feed-forward loop" so that an advance system can be developed to organise to and from movement of meaningful information which can assist the parties to develop action programmes for tomorrow.

It is possible that many public servants will look upon such a programme of involvement of the people as a time-consuming process. Experiences of Freire and many a leader of people, including Mahatma Gandhi, have indicated time and again that it was not so. Commitment is not a mechanical process. It has to be earned not on the basis of manipulation but on the strength of a genuine desire to involve and get involved. The diagram on the next page will show that a manipulative process will involve a time

<sup>19</sup> Andre Malraux, *Anti-Memoirs*, Hamish Hamilton, 1968, London.

<sup>20</sup> Paulo Freire, *op. cit.*

consuming implementation programme while popular participation will smoothen out the plan implementation process.<sup>21</sup>



6. In the matter of mobilising popular support as a resource to the plan implementation programme, a newer variety of organisational design will need to be conceived. Conventional wisdom invariably leads to the institutions of representative organs such as panchayats. While such forums should be more progressively utilised for the right cause, their limitations should also be recognised. These bodies, more often than not, do represent the elitist culture in the rural areas. The leadership of the representative organisations usually stands for such values and priorities which do not necessarily foster the production culture at grassroot levels.

So, the need will be to search for meaningful alternatives, not necessarily to weaken the representative institutions, but to establish deeper roots for plan objectives by seeking wider linkages among the people. A number of core activities in the plan do justify such a mobilisation plan : national programmes for minimum needs, land reforms measures, area development programmes, democratisation of work-place in the basic sectors of industries and essential services and so on.

The first requirement for a new organisational design will be to replace comparative passivity by activity on the part of grassroot members. If activity is the basis for participation, then, the production systems in operation, whether we consider the minimum needs programme or the democratisation of work-place in the factory, should be the core around which new programmes be organised. A new activity supported by plan resources should not be foisted as an additional item but should be organically linked with the on-going activities with a view to fulfilling new needs and demands. A rural road-building programme, for example, should not be conceived in the design office of the PWD engineers located in the district headquarters or in the state capital on the basis of data collected by the engineers by making a few quick trips to the rural areas but should essentially evolve out

<sup>21</sup> Gordon L. Lippitt, "What Do We Know About Leadership ?", *National Education Association Journal*, December 1955, Washington.

of the dialogue with those who live in the area and who are the potential beneficiaries and such a dialogue would essentially provide the linkage between the on-going economic activities and the need for rural road-building programme. Time and again, the lessons from other developing countries have shown that people's participation by simply sharing information with them does not necessarily commit them to the tasks. On the other hand, should they perceive the new project in terms of their needs and their on-going experiences, such a project does evoke spontaneous and constructive responses.<sup>22</sup>

Even in the matter of implementation, the workmen involved in the project should, as far as possible, be from the local areas and their commitment should not be perceived simply in terms of inducements for contribution made but should be conceived in terms of semi-autonomous group-working on the basis of spelling out the parameters of the task and challenges and developing norms of group-working including monitoring and control mechanisms. A work culture, in other words, is to be established by such organisational designs as would facilitate participation culture.

We have already referred to some of the stereotypes that the elites hold about the common masses. These stereotypes refer to what they perceive as the weak elements in the tradition and culture of the masses. At the same time, if one examines carefully the behavioural dimensions of the norms of our tradition and culture, one may find that they do not differ so very dramatically between the elite group on the one hand and the common masses on the other. Many of the divisive elements built on the practices of caste, language, religion and region are as much a part of the culture of the elite as of the common masses.

The significant element, however, is that this cultural relativity is often seen as symbols of weakness for task performance, adversely affecting the goals and the pace of economic development. It is possible that the same elements of culture can be converted into an advantage as was done by the Japanese. From an elitist slant, many of the social and familial practices in Japan should not have been allowed to interfere with work organisation. But the Japanese have shown that these values and practices could be utilised in organising work structure as well as the work-group norms to get the best out of the technology and material resources.

Similarly, a dramatic example has been provided by the design of the rural hospital system in Nigeria on the principle that a patient with the tribal background would not accept the status of an indoor patient in a hospital even if he is seriously ill, unless the members of his family are allowed to

<sup>22</sup> T.E. Cook, *et. al.*, *Participatory Democracy*, 1971, Canfield Press, San Francisco; Fred E. Emery, *et. al.*, *Hope Within Walls*, 1973, Centre for Continuing Education, Australian National University, Canberra, R. M. Kanter (ed.), *Communes*, 1973, Harper and Row, New York; and Jan Myrdal, *et. al.*, *China: The Revolution Continued*, 1971, Chatto and Windus, London.

be near him during the critical days. Keeping this element of cultural relativity in view, the rural hospital system was designed by incorporating this tribal value, making such a system to be socially acceptable in Nigerian culture. This is essentially then a matter of appreciation as to whether one should build organisation structure on the basis of cultural relativity or one should seek to make changes in cultural norms in order to conform these to the elitist conception of the desirable design. It is suggested that we have to revise our train of thinking and replace it by a new interpretation of cultural relativity and its worthwhileness.

7. There will be certain identifiable primary activities on which the programmes of plan implementation will depend heavily. Such identifiable primary activities will need to be organised on somewhat non-traditional lines because of the high stake involved in their being able to provide inputs for the dependent activities. To provide an illustration, with the situation that is created on the energy front, coal has become the most vital energy source on which will depend power generation and the factory production system spread all over the country. The movement of coal will involve the railway transport system as well as the handling facilities in some of the ports. This will also involve the effective field-level operation of the state governments in eastern India and obviously the industrial relations climate, in addition to supply of technical skills, provision of equipment and spares. R & D activities in mine development and responsive role of the Mine Safety Organisation. The coordination mechanism involving so many complex systems is admittedly weak today. Keeping in view the importance of coal in the national economy and the ambitious programme of coal raising and transportation during the Fifth Plan, it will be necessary to establish a superordinate agency with requisite competence and authority to cut across the boundaries of various involved systems, like ministries in New Delhi, railway system, coking and non-coking coal production organisations, state governments and so on. It is suggested that similar other key activities of primary importance should be identified and superordinate agencies be created so as to facilitate the problem of systemic coordination. The existing administrative machinery backed by the current administrative ethos and the weight of past experience will be unable to deliver the goods thereby jeopardising the performance of the downstream operations. It will, indeed, be desirable for these superordinate agencies to be manned by highly competent persons with the ability to work with people under stress conditions and that they remain accountable to the Central cabinet or to a committee of the cabinet. Such is the importance of these tasks in ensuring other tasks to be accomplished.

8. Lastly, for the elites to provide a new pattern of leadership to others in the planning process as well as the implementation process, it will be essential that such key personnel do cultivate values of self-awareness, self-introspection and pronounced proneness to psychological success. Self-

oriented behaviour, practising the virtues of self-gain, and short time-perspective would indeed fail to enable effective leadership role to be performed as has been the case over past two decades and a half. Mere technical competence or a more than average record of past performance is no guarantee that there would be a match between the profession and practice. In systems language, congruence between the stated objective and the real objective would be possible when the leadership is willing to exercise the qualities of sensitivity, adaptability and flexibility. Edgar Snow has quoted Mao Tse-tung in the following words :

If you want the masses to understand you and want to become one with them, you must be determined to undergo a long and even painful process of remoulding. I began as a student and acquired at school the habits of a student; in the presence of a crowd of students who could neither fetch nor carry for themselves I used to feel it undignified to do any manual labour such as shouldering my own luggage. At that time, it seemed to me that the intellectuals were the only clean persons in the world and peasants seemed rather dirty beside them.

Having become a revolutionary, I found myself in the same ranks as the workers, peasants and soldiers of the revolutionary army, and gradually I became familiar with them and they with me, too. It was then and only then that a fundamental change occurred in the bourgeois and petty-bourgeois feelings implemented in me by bourgeois schools. I came to feel that it was those unremodelled intellectuals who were unclean while the workers and peasants are after all the cleanest persons even though their hands are soiled and their feet smeared with cow-dung. This is what is meant by having one's feelings transformed, changed from those of one class to those of another.<sup>23</sup>

Mao is not alone in this reflective skill. Mahatma Gandhi has done it, time and again. While one need not reach that commanding height of leadership to acquire the skills of reflection and self-exploration, in a country like India where there are intricate currents and cross-currents of social forces and the temptation towards soft options is rather high, impinging on the administrative leadership as well as the masses of people with whom the leaders are required to work, singular determination along with the ability to change and improve is a necessary prerequisite for those who seek to lead and motivate others. On the basis of the comparative undistorted perception of self-role relationship, these leaders will be able to examine their own behaviour and values in relation to their assigned responsibility. It is only a leader with a continuous growing edge who will be able to empathise with the people as also to provide modelling motivation to others. The dialogica

<sup>23</sup> Edgar Snow, *Red China Today*, 1970, Random House, New York,



relationship that is necessary for establishing the culture of result-orientation thus calls for not only a sense of humility in the leader but also an itch for learning from others and the environment. Authority conceived in terms of status and formal power is a major hurdle between the planning process and the implementation process and between the people and their ability to contribute. The administrative leader will need to overcome this barrier in his own person before he can claim effective popular participation. The operational significance of the new role of the public administrator is whether he will receive institutional encouragement to develop and sustain authentic behaviour under the stewardship of political leadership. In a socialist state, during the period of transition, an administrator is bound by the umbilical cord relationship with the party leadership. It cannot be substantially otherwise between a public administrator and the people's representative who acts as his beacon in a parliamentary form of democracy as ours. □



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ZAHHEER, M. Regional planning for integrated area development. *Community Development and Panchayati Raj Digest*, 7 : 2 (October 1975) 43-6.

# Index

- Action parameters, 175-85
- Administrative capacity, xxiv-xxvi, 145
- Administrative coordination, xxvi-xxvii, 16-17, 184
- Administrative decentralisation, xiii, 39-40
- Administrative delays, 167-8
- Administrative efficiency, 147, 179
- Administrative leadership, 184-6
- Administrative management, 143
- Administrative problems, 15-19, 95-7, 129-43, 157-8
- Administrative procedures, xxviii-xxix, 177-8
- Administrative reforms, 95, 132-4, 138, 142-4, 145, 146, 148, 165, 167
- Administrative Reforms Commission, 98, 167, 177
- Administrative regions, 78, 81-5
  - Supplement to, 82-4
- Administrative Staff College, 132
- Administrative values, 169-73
- Advisory bodies, 33, 52
- Advisory Planning Board, 21
- Agarwal, P.P., viii, xiii, xxi, xxii, xxiv, xxvi, xxvii, xxviii, 145
- Agricultural administration, 134-5
- Agricultural planning, xiv, 19-20, 79, 86
- Ali Ashraf, 172
- All India Manufacturers Organisation, 37
- All India services, 117
- Annual plans, 10, 17, 26-7, 149
- Antodaya programme, xxix
- Appleby, Paul H., 142, 143, 168
- Area level planning, xv, xvi-xvii, 70, 71
- Asoka Mehta's Committee on Panchayati Raj Institutions, xiii
- Associated bodies, 34-5
- Associated Chambers of Commerce of India, 37
- Auditing, 168-9, 179-80
- Bauer, Raymond A., 176
- Block level planning, x, xiv, xv, xviii-xix, 38-9, 70, 71, 82
- Bombay City and Industrial Development Organisation, 44-5
- Bombay Metropolitan Region, 89
- Bottom level administration, xxv
- British legacy, 160
- Bureaucracy, 140, 155-65
  - As development policy instrument, 160-2
  - Elitist culture, 172-3, 175-6
  - Mechanics, 158-60
  - Social parasitism, 170-3, 175
- Business participation, 17-18
- Cabinet system, 118-19
- Calcutta Metropolitan Development Authority, 44
- Calcutta Metropolitan Region, 87, 88, 90
- Capital-intensive activities, 5
- Capital-output ratio, 5
- Central Electricity Authority Project appraisal, xii
- Central Statistical Organisation, 35
- Central Water Commission
  - Project appraisal, xii
- Central planning agency, 9 10
- Centralised planning, xiii, 52, 68-9, 70, 71, 73
- Chakravarti, Sukhamoy, 5
- Citizen-administrators relations, 180-1
- City planning, 44-5, 54, 62-3
- Civil service, 117, 133, 138-40
  - Salaries, 130, 131
  - And politicians, 125-6
- Command Area Development Authority, xiv, xvi, xxvii

- Commissioner's divisions, 84-5  
 Committee on Plan Projects, 36, 141-2  
 Consultative Committee of M.Ps. for  
     Planning Commission, 34  
 Community development, 53, 82, 134  
 Comptroller and Auditor General, 168-9  
 Constitution of India  
     And Plans, 113-16  
 Consumption, 4  
 Contracting procedures, 147  
 Controls, 127-8, 138, 141-2  
 Cooperative sector, 113  
 Coordination, xxvi-xxvii  
 Corruption, xxxi, 127-8  
 Cost consciousness, 153
- Das Amritananda, xiii, xix, 65  
 De, Nitish R., xiv, xvi, xxiv, xxviii, xxix,  
     166  
 Debureaucratisation, 180  
 Decentralisation, xiii-xiv, 39, 65-76, 98-9  
     Crucial issues, 71-2  
     Gandhian philosophy, 72-4  
     Institutional reforms, 74-7  
     Practical problems, 69-71  
 Decision-making, 4, 52, 66, 100, 119, 137,  
     145-6, 149-50, 167, 178  
 Delays, 167-8  
 Delegation of authority, xxvii-xxviii, 16,  
     98, 126, 141, 152  
 Delhi Metropolitan Region, 87, 89  
 Delivery system, xxix-xxx  
 Democratic decentralisation, xiii, xiv,  
     xix-xx, 52  
 Democratic structure, 117-19, 127  
 Department of Personnel and Adminis-  
     trative Reforms, 167  
 Deva Raj, xiii, xiv, xvi, xvii, 41  
 Development Councils, 37  
 Development rate, 4  
 Devolution, xix, 66  
 Directive Principles of State Policy, 22,  
     108  
 Disparities, 109-10, 130-2  
 District  
     As a local planning unit, 47-8, 49-50,  
         52-64, 85  
 District administration, 53  
     Fragmentation of, 45-7  
 District level planning, x, xiv, xvi, xvii-  
     xviii, 38-9, 47-8, 50, 70, 71, 75, 82, 150  
     Guidelines, xiv, xvi
- District plans, 43-4, 81  
     Economic area selection, 59-62  
     Formulation, 56-7  
 Draft formulation, 9-10  
 Drought-Prone-Area-Programme, xiv,  
     xvi, xxvii
- Economic area, 59-62, 77
- Federal-state relations, 37-8, 69-71, 113-  
     14, 116, 117  
 Federation of Indian Chambers of Com-  
     merce and Industry, 37  
 Fenn, Don H., 176  
 Finance Minister  
     As head of planning agency, 14-15  
     Relations with Planning Commission,  
         34-5
- Five Year Plan, 1st, xiv, 10, 132  
     Food policy, 120  
 Five Year Plan, 2nd, xiv, 95-6, 163  
     Formulation, 10  
     Objectives, 109  
 Five Year Plan, 3rd, xiv, xxv, 16, 94, 96,  
     105, 113, 115, 138, 163  
     Formulation, 10, 37  
     Objectives, 110-11  
     Peasant participation, 18-19  
     Working groups, 32
- Five Year Plan, 4th, xiv, 97  
     City and town planning, 44
- Five Year Plan, 5th, xiv, xvi, xxv, 95, 98,  
     99  
     Implementation, 167, 173-4
- Five Year Plan, 6th, xii, xv, xvi, xviii,  
     xxii, xxv, xxvii, xxix
- Five Year Plans  
     Formulation, 25-7  
     Objectives, 107-11  
     State's role, 111-13  
     And Constitution, 113-19
- Food policy, 120
- Foreign aid, 128-9, 136
- France  
     Planning, 12, 18, 48
- Freire, Paulo, 166, 172, 181
- Frisch, R., 2, 3, 5
- Functional proliferation, 162-3
- Fundamental rights, 117-18
- Gandhi, Indira, 178, 179
- Gandhi, M.K., 170, 181, 185

- Gandhian plan, 72-4  
 Gardner, John W., 178  
 Generalist-specialist controversy, 178-9  
 Goal-selection, 100  
 Gouldner, A.W., 158  
 Grassroots planning, xiii  
 Greece  
     Ministry of Coordination, 12  
 Growth centres, 44  
 Growth models, vii  
 Gujarat, Perspective Plan of (1974-84), 48-9  
  
 Hanson, A.H., ix, x, xxiii, xxiv, xxvi, 9  
 Harijans, 170  
 Hooja, Rakesh, xiii, xvi, xvii, xviii, 52  
 Human relations, 142  
  
 Indian Administrative Service, 117  
 Indian Institute of Public Administration, 132, 143  
 Indian National Congress, 120, 127  
 Indian Statistical Institute, 37, 79  
 Industrial development, 3-6, 80  
 Industrial Policy Resolution (1956), 113  
 Input-output analysis, vii, 155  
 Institute of Applied Manpower Research, 132  
 Institute of Economic Growth, 37  
 Integrated Rural Development Programme, xv, xxvii, xxx  
 Investments  
     Sectors selection, 4-5  
  
 Jha, Prem Shankar, 169  
 Joshi, P.C., 170  
 Juyal, 170  
  
 Kabra, K.N., xxi, 33  
 Kamta Prasad, vii  
 Keynes, J.M., 7  
 Kumaramangalam, S. Mohan, 177  
  
 Labour-intensive activities, 5  
 Land reforms, 116, 117, 120, 125  
 Leadership, 123-5, 144, 184-5  
 Learning curves, 6  
 Lewis, John P., 102, 103  
 Linear programming, vii, 155  
 Linguistic regions, 82  
 Local government  
     Structure, 41-51  
     Local-level planning, 43-51  
     Lok Sabha  
         Estimates Committee, 11  
     Long term planning, xxx, 2, 3, 116, 136  
     Losch, August, 55, 77  
  
 Macro-planning, 10  
 Macro-regions, 83-4  
 Madras Metropolitan Region, 88, 89  
 Management of plans, 102-3  
 Manpower planning, 132  
 Mao Tse-tung, 181, 185  
 Market analysis, 5  
 Master Plans, 44-5, 54, 62-3, 90  
 Metropolitan planning, 44, 83  
 Metropolitan regions, 48, 80-1, 83, 87-91  
     Central places' hierarchy, 88, 92  
     Transition zones, 89-90  
 Middle-term plan, 10  
 Mixed economy, 145-6  
 Monitoring, xxx, 174  
 Morgan, T., 162  
 Multi-level planning, xiv-xvii, 41-51, 52, 53, 81, 150  
     Administrative infrastructure, 47-9  
     Basic factors, 41  
     Machinery, 42-3  
  
 Naoroji, Dadabhai, 21  
 Nath, V., xviii, 54, 77  
 National Academy of Administration, 132  
 National Capital Region, 90  
 National Council of Applied Economic Research, 37  
 National Development Council, x, xiv, 23, 25, 26, 37, 39, 114  
     Functions, 38  
 National income, 4, 6, 8  
 National Planning Committee, 21  
 Nehru, Jawaharlal, xxviii, 21, 149  
 Nepal  
     Planning Commission, 12  
 Non-shiftable projects, 8  
  
 Objectives' formulation, viii-ix  
 One-party dominance, 119-20  
 Operations research, 2  
 Opposition parties, 119, 121  
 Organisation and methods, 140-3  
  
 Paj Panandiker, V.A., 172



## Pakistan

- First Five Year Plan, 15, 17
- Planning Commission, 12
- Panchayat samitis, 56, 82
- Panchayati Raj, xiv, 53, 54, 55-6, 81, 124-5, 135, 163
- Pant, Pitamber, 115
- Paranjape, H.K., viii, ix, xxiii, xxiv, xxvi, xxvii, xxviii, xxxi, 106
- Parkinson, C.N., 163
- Parliamentary Consultative Committee on Plan, 121
- Partial research, 3
- Peasant participation, 18-19
- Performance orientation, 179-80
- Personnel
  - Appointment, 151-2
  - Compensation disparities, 130-2
  - Shortage of, xxiv-xxv, 129-30
- Philippines
  - Office of National Planning, 12
- Plan formulation, xxi-xxii, 25-7, 52, 78, 97, 98, 100, 115, 145, 151
  - Compromising attempts, 122-3
  - Coordination with states, 37-8
  - Planning Commission's role, 27
- Plan implementation, 145-54
  - Administrative problems, 15-19, 95-7, 129-43, 157-8
  - Ensuring effectiveness, 99-105
  - Evaluation, 93-105
  - Planning of, xxi-xxii, 96-9, 100-1
  - Political and constitutional aspects, xxii-xxiv
  - Political problems, 119-29
  - Significance, 93-5
    - And administrative capacity, xxiv-xxvi
    - And planners, 95-9
    - And public administration, 166-86
- Plan policies
  - Continuity in, 119-22
- Planning
  - Administration, 9-20
  - By stages, 1-8, 101
  - Decentralist philosophy, 67-9
  - Pre-independence India, 21
  - State's role, 111-13
- Planning agency
  - Functions, 9-10
  - Location, 13-15
  - Organisation, 12-14
  - Politicians' association, 11-12

## Staff, 10-11

### Status, 11

- Planning capabilities, 150
- Planning Commission, ix, 11, 14, 21, 42, 79, 93, 96, 98, 100, 114, 117, 122, 127, 141
  - Advisory bodies, 33-4
  - Associated bodies, 34-5
  - Constitution, 27-9, 122
  - Formation, x, 22-3, 114
  - Monitoring and Evaluation Organisation, 174
  - Office and staff, 29-32
  - Programme Evaluation Organisation, 36
  - Reorganisation, 75
  - Relations with Ministries, 34-5
  - Role, 27
  - Status, 11
  - Working groups, 32-3
- Planning from below, xiii, 9, 10, 63-4, 70, 72
- Planning Minister
  - As head of planning agency, 13-14
- Planning organisation, ix-xi, xx, 21-40
  - Factors, 23, 25
  - State level, x, 38
- Planning procedure, 25-32
- Planning process
  - Classification, viii
- Planning regions, 78-81
- Planning techniques, vii-viii
- Policy continuity, 119-22
- Political leadership, 123-3
- Political problems, 119-29
- Politicians and civil servants, 125-6
- Presthus, R.V., 173
- Primary Health Centres, 170
- Prime Minister
  - As head of planning agency, 13
- Prime Minister's Informal Consultative Committee for Planning, 34
- Private sector, 6, 17-18, 37, 113, 130, 142
  - Role in plan formulation, 37, 145
  - Salaries, 130
- Production function regression equations, vii
- Programme Evaluation Organisation, 36
- Project appraisal, xi-xiii, xxx-xxxi, 35-6, 147, 148-9
- Project economy, 152
- Project personnel, 151-2

- Project planning, xi-xiii, xxviii, 147  
 Public administration  
     And plan implementation, 166-86  
 Public participation, xiv, xx-xxi, 153-4, 172, 181-3  
 Public sector, 18, 96, 113, 131, 138, 135-8, 145  
     Salaries, 131  
  
 Raghavaiah, Y., 53  
 Regional coordination, 162-3  
 Regional planning, 7-8  
 Regions, 77-92  
 Research, 36-7  
 Reserve Bank of India, 35  
 Resource development, 79-80, 146-7  
 Resource development regions, 80, 85-6  
 Rieger, H.C., xi, xxi, xxiv, xxv, xxvi, 155  
 Rolling plan, xi  
 Ruling party, 119-22, 123  
 Rural development, 124-5, 135  
 Rural service towns, 44  
  
 Salaries  
     Disparities, 130-2  
 Sanctions, 151  
 Savings, 4-5  
 Scheduling, 147  
 Sectors' selection, 4-5  
 Semi-autonomous bodies, 126-7, 141  
 Sen, S.R., x, xi, 21  
 Shadow prices, 6  
 Shiftable projects, 8  
 Short-term planning, 3  
 Singapore  
     Planning agency, 14  
 Single projects planning, 5, 6-7  
 Small Farmers Development Agency, xiv, xvi, xxix  
 Snow, Edgar, 185  
 Social accounting matrix, vii  
 Social audit, 176  
 Social parasitism, 170-3, 175  
 Social service programmes, 80  
 Socialism, 18  
 Socialist pattern of society, 108-10, 121  
 Sovani, N.V., 162  
  
 Special areas, 82-3  
 State-level planning, xiv, 38, 42, 69-71, 114-17  
 State Planning Boards, x, 42-3, 52-3  
 Sub-state regions, 48-9  
 Subramaniam, V., 173  
  
 Tarlok Singh, 126  
 Technical assistance, 136  
 Technical personnel, 129  
 Thailand  
     Planning Commission, 12  
 Tinbergen, J., vii, viii, 1  
 Town and Country Planning Organization, 44  
 Trade unions, 18  
 Training, xxv, 16, 129, 132, 137  
 Transition zones, 89-90  
 Truman, Harry S., 17  
 Turkey  
     Planning, 11, 12  
  
 U.S.S.R.  
     Economic regions, 84  
 U.K.  
     National Economic Development Council, 14, 18  
     Planning, 48  
     Planning agency, 14  
 U.S.A.  
     Census Divisions, 84  
     Hoover Commission, 143  
 Urban area plans, 44-5, 54, 62-3, 87-91  
 Urban development, 79  
  
 Village-level planning, xiv, 39  
 Village production council, xiv  
  
 Weaker Sections  
     Delivery system for, xxix, xxx  
 Weiner, Myron, 166  
 Welfare bureaucracy, 173, 176  
 Working Group on Block Level Planning (1978), x, xvi, xvii, xviii  
 Working Groups, 32-3, 149  
  
 Zonal Councils, 83  
 Zones, 83-4

